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Zimitri Erasmus

Cooperative Development as Process:

Four Case Studies of Producer Cooperatives in Southern Africa

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COOPERATIVE DEVELOPMENT AS PROCESS

FOUR CASE STUDIES OF PRODUCER COOPERATIVES IN SOUTHERN AFRICA

Een wetenschappelijke proeve op het gebied van
de Sociale Wetenschappen

PROEFSCHRIFT

ter verkrijging van de graad van doctor
aan de Katholieke Universiteit Nijmegen,
volgens besluit van het College van Decanen
in het openbaar te verdedigen
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Zimitri Erasmus
Nijmegen
The Netherlands
1994

CONTENTS

List of Abbreviations

COSATU	Congress of South African Trade Unions
CSFS	Collective Self Finance Scheme
ICOM	Industrial Common Ownership Movement
ILO	International Labour Office
PDO	Participatory democratic organisation
SA	South Africa
SP	Langa Spinning Project
LBC	Launisma Brickmaking Cooperative
LE	Launisma Enterprises
MCC	Montagu Carpentry Cooperative
MAG	*Montagu en Ashton Gemeenskapsdiens* Montagu and Ashton Community Services
UWM	Unemployed Workers' Movement
NUWCC	National Unemployed Workers' Coordinating Committee
WECUWU	Western Cape Unemployed Workers' Union
CWB	Catholic Welfare Bureau
FSC	Fencing Services Cooperative Society
SALDRU	South African Labour Development Research Unit
IPP	Industrial Common Ownership Movement Pilot Training Programme
UK	United Kingdom
USA	United States of America
CSO	Cooperative Service Organisations
ANC	African National Congress
UDF	United Democratic Front
SALB	South African Labour Bulletin
SACNET	Southern African Cooperative Support Network
CDM	Cooperative Development and Marketing
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers of South Africa
MAWU	Metal and Allied Workers' Union
ACTWUSA	Amalgamated Clothing and Textile Workers'Union of South Africa
GAWU	Garment and Allied Workers' Union

SACTWU	South African Clothing and Textile Workers' Union
SAWCO	Sarmcol Workers' Cooperatives
SHADE	Self Help Associates for Development Economics
SAYCO	South African Youth Congress
SBDC	Small Business Development Corporation
CSK	Cape Spinning and Knitting
SS	Sheep Shop
SCAT	Social Change Assistance Trust
CCC	Cooperative Coordinating Committee
ZCC	Zuurbraak Carpentry Cooperative
CC	Cotton Cloud
OCS	Overberg Cooperators' Services
DET	Department of Education and Training
MSK	Montagu Skrynwerke Kooperatief
ZIMBANK	Zimbabwe Banking Corporation Limited
CACU	Central Association of Cooperative Unions
OCCZIM	Organisation of Collective Cooperatives of Zimbabwe
CUSO	Canadian University Service Organisation
R	South African Rands
Z$	Zimbabwean Dollars
MCCDWA	Ministry of Cooperative Development and Women's Affairs
EC	Executive Committee
MC	Management Committee
SEDCO	Small Enterprise Development Corporation
IDC	Industrial Development Corporation
CMCU	Central Mashonaland Cooperative Union
ZISCO	Zimbabwe Iron and Steel Company
LSC	Loans Sub-committee
TST	Technical Support Team
NGO	Non-governmental Organisation
SO	Service Organisation
ZIMPRO	Zimbabwe Project
HIVOS	*Humanistisch Instituut Voor Ontwikkelingsamenwerking*
ZIMFEP	Zimbabwe Foundation for Education with Production
CORDE	Co-operation for Research, Development and Education
TECNICA	Institute for Technology and Development

UWCC	Unemployed Workers' Coordinating Committee
IYOD	International Yearbook of Organisational Democracy
GLEB	Greater London Enterprise Board
SARS	South African Research Services
LRS	Labour Research Services

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CHAPTER 1

INTRODUCTION

1.1 Stimulus for Research on Cooperatives

The late 1980s and early 1990s marked renewed research into cooperative forms of organisation in South Africa (SA) The stimulus for this research came from two major sources One was the growing recognition of the extent of structural unemployment and a consequent interest in survival mechanisms of the unemployed in the context of limited state social welfare The other was a growing interest in the response of organised labour to repeated mass retrenchments in the context of industrial restructuring These responses included attempts by trade unions to create jobs for retrenched workers through the establishment of producers' cooperatives Such action on the part of trade unions was linked to their attempts to keep retrenched workers organised

The struggle of labour against restructuring in the 1980s should be seen in the context of the extended economic crisis facing SA at the time Among the key participants have been the organised black trade unions under the federation of the Congress of South African Trade Unions (COSATU) This struggle in combination with the unions' emphasis on industrial democracy raised critical questions about relationships between capitalists, labour, management and the state These questions contributed to laying a basis for ideas and practices for building industrial democracy Cooperative forms of organisation can be seen as possible ways of creating jobs, albeit in a limited way, while at the same time contributing towards building industrial democracy

This research was done in the late 1980s out of an interest in both the survival mechanisms of the unemployed and various forms of industrial democracy More specifically, my interest is in the cooperative form of work organisation as implemented among the unemployed

1.2 Local Debates

The issues predominant in local debates on cooperatives echo those raised internationally (ILO 1988) These include mainly
(a) the nature of cooperatives,
(b) their social and economic potential,
(c) the roles of the state and trade unions in supporting co-ops and
(d) economic viability in co-ops

In the light of limited local experience of cooperative organisation, debates in the late 1980s and early 1990s were concerned with the possibilities and limitations of co-ops as partial solutions to unemployment and vehicles of social transformation (Philip 1988, Etkind 1989, Jaffee 1990, Lupton 1991) This dissertation attempts to contribute mainly to debates about the nature of cooperative development and possible

implications for the role of support structures including service organisations, the state and trade unions

1.3 Research Objectives

The objectives of the dissertation are threefold Firstly, to assess the degree of participatory democracy in each of the enterprises studied Secondly, to explore whether cooperative development is a process involving various stages of development with different degrees of democracy These objectives are important since they have direct implications for cooperative organisation and development, and for the kinds of services required and provided to such enterprises Finally, the third objective is to compare the enterprises studied with one another and, especially to compare the South African cooperative context and experience with that in Zimbabwe This comparison is important to illustrate the different stages of development of the enterprises and the lessons to be learned from the Zimbabwean experience

In an attempt to attain the first two objectives, I begin with a focus on theories of participatory democratic organisation I also note significant insights on cooperative development as process This theoretical focus enables the development of concepts with which to understand the empirical material The key concept used is participatory-democratic organisation (PDO) An ideal-type model for this type of organisation is outlined and the limitations of existing theory are highlighted

A focus on theory also enables one to pose specific questions to the empirical material Two sets of key questions, each related to the respective research objectives, are explored

1.3.1 Key Questions

Set A
With reference to the first objective regarding the degree of participatory democracy in each of the enterprises studied, I ask the following
(a) To what extent were the co-ops studied democratic in their practices?
(b) Were these enterprises progressing towards democratisation?
(c) Did the cooperatives have the potential to develop into organisationally effective PDOs in the long-term?

Set B
With reference to the second objective, namely, whether cooperative development is a process involving various stages of development and different degrees of democracy, I ask the following
(a) Is cooperative development a process involving different stages with different degrees of democracy?
(b) If so, what were the stages of development of the enterprises studied?
(c) What are the criteria which characterise these stages of development?

(d) What are the implications for cooperative organisation, development and services?

1.4 Field of Inquiry

This is a qualitative sociological analysis of cooperatives as participatory-democratic organisations (PDOs) It is concerned with the development of co-ops as PDOs in the context of a developing economy This context is characterised by features which have significant implications for cooperative development These include the following
(a) low *per capita* incomes,
(b) low levels of skill and education,
(c) illiteracy and innumeracy,
(d) relatively high levels of structural unemployment,
(e) low levels of technological development and
(f) severe shortages of finance and skills

Furthermore, considering that South Africa is characterised by predominantly capitalist social relations, this work is concerned with the development of producer cooperatives in capitalism

Various types of co ops are to be found in SA, namely, agricultural marketing co ops, consumer co-ops, credit unions, and producer co-ops This study focuses exclusively on the development of producer cooperatives among the marginalised population of SA More specifically, it is concerned with processes of organisational democratisation with an emphasis on participatory democratisation A key underlying assumption is that successful cooperatives, like any other type of economic venture, have to be economically viable

The two key goals of a producer co-op include economic success and democratic organisation From a sociological perspective, the organisational form of a co-op must perform two roles firstly, it must support and not hamper economic viability, secondly, it must be of such a nature as to justify the name 'cooperative' Indisputably, economic viability is the fundamental priority of a producer co-op, for without economic viability, there can be no co-op It is important to recognise, however, that the form of democratic organisation adopted has significant implications for success as a cooperative economic unit Hence the focus on democratic organisation

1.5 Operative Definitions and Assumptions

1.5.1 The 'Ideal-Type' Cooperative

A producer cooperative is essentially an alternative form of social, work and economic organisation, that is, alternative to authoritarian and bureaucratic forms of organisation generally found in conventional private and public enterprises

For the purposes of this research I define an 'ideal-type' producer co op as a form of participatory-democratic economic and work organisation in which the members are simultaneously the owners, managers and workers In PDOs the members participate in planning, organising and decision-making Such enterprises are characterised by collective ownership and control of assets In larger organisations of this type representative democracy through the election of delegates and participatory democracy are often combined for the purposes of efficiency Assuming that a surplus is produced and realised, part of it is in some cases equitably distributed, while other parts are reinvested in the cooperative and/or invested in the community in which the co-op operates

Cooperatives are democratically organised in that each member has equal voting power and is accountable to his/her fellow members The practice of democracy in a co-op involves, among other important aspects, accountable management It is in the light of this definition of a co-op and with the realisation that real co-ops do not meet all these requirements that I assess organisational democracy in the enterprises studied

1.5.2 The Successful Producer Cooperative

Form and Practice

It is important to recognise that people, active human agents, constitute every form of social organisation This reality has particular implications One of these is that any form of social organisation has two essentially interrelated components (1) a notion of what it is supposed to be and (2) the practical activity of what it is These components are interrelated because one does not organise simply on the basis of an idea, nor does one organise without an idea of what one is doing "We all have an ideology of organisation even though many people do not realise it (Anonymous 6) So, people constitute organisations What they do is the practice of the organisation It is the dialectical relationship between form and practice which makes for a successful producer cooperative

Judgements of Success

I would agree with Ehrlich (1979 100) that "judgements of organisational effectiveness [success] depend on one's social [and political/power] position" in relation to the organisation For example, the organisational success of a producer cooperative from the point of view of most donor agencies and/or service organisations would be seen primarily in terms of quantitative economic success - whether revenues exceed costs A political organisation would define such success mainly in terms of a co-ops' contribution to political mobilisation of its members In apartheid SA such organisations were generally engaged in anti-apartheid and sometimes anti-capitalist movements Cooperators would define success in terms of the extent to which their work in a co-op improves their material conditions and thus enables them to raise their standard of living

I would argue that there are two crucial demands on a producer cooperative Firstly, in order to be successful as an economic unit a co-op has to prove to be economically viable An economically viable co-op performs competitively in the marketplace, controls its costs, and effectively manages and invests its resources over the short, medium, and long term (ICOM, 1987 1) If a co-op does not succeed in delivering the material goods required by its members it has failed as an economic unit Secondly, in order to be successful a producer co-op must survive as a democratic organisation The survival of any form of organisation depends on the reproduction of that organisation

Essentially, then, the effectiveness of a co-op as a form of social organisation or, expressed differently, its success is determined, foremostly, by its ability to deliver the material goods required by its members, and by its ability to reproduce itself as a democratic organisation

People cannot eat politics, and gross revenue tells one nothing about distribution In terms of one's subjective evaluation of the success of a cooperative both economic success and political mobilisation are important In terms of the process of development of a co-op, however, economic success is a more fundamental issue and logically prior to political mobilisation, though these two processes are often interlinked In this respect I would agree with Samuels who states that

> *[t]o use the cooperative as a place for encouraging political awareness and sensitivity is noble in itself and should be retained as a priority It will be problematic though if the basic needs of the members are not met appropriately (1988 6)*

Democracy, Efficiency and Empowerment

Organisational effectiveness/success is also defined in terms of the degree of goal achievement The goals of an organisation being, presumably, "what the organisation through its policy-makers is trying to do" (Erhlich, 1979 100) With regard to cooperative and/or participatory-democratic forms of organisation effectiveness/success also depends on the degree to which all participants have been involved in formulating the goals of the organisation In this respect a further requisite is that member participation be real rather than token By this I mean that members be involved in day-to-day decision-making to the extent that it does not negatively affect efficiency, as well as in decisions regarding policy-making In order to participate effectively, however, members need to be informed about issues relating to their enterprise They need to be sufficiently powerful and confident to articulate their ideas and, they need to trust their own thinking Democratic participation can only take place when each participant is powerful Furthermore, a co op needs mechanisms/structures to ensure efficiency, member participation, control, and accountability

Cooperative Activity as Praxis

In terms of my definition of a producer cooperative as a form of social organisation constituted of active human agents I would argue the following Firstly, a notion of what a producer cooperative is supposed to be is an insufficient condition for the justification of the existence of a co-op The people who constitute the cooperative structure need to engage in cooperative activity in order for a cooperative to be said to exist Social organisation is essentially practical Secondly, cooperators need to conceptualise the notion of what a co-op is supposed to be in order for them to begin to practice cooperation

The social and production relations of organisation experienced by people in SA are essentially capitalist, agist, racist, and patriarchal In order for people to engage in cooperative production and social relations they need to unlearn the afore-mentioned relations of organisation and to learn new cooperative relations of organisation The process of cooperative activity should inform the notion of what cooperation involves, and *vice versa* People learn as they do, put differently, people learn through experience Hence, one requisite for organisational effectiveness/success among co-ops is that cooperators not only understand cooperation but also practice it

> *To take over and run a complex organisational structure requires both theoretical understanding and practical experience, the two are not separable, they form a praxis (Anonymous 7)*

1.5.3 Cooperative Consciousness

The notion of cooperative activity as praxis implies that the development of a cooperative consciousness among cooperators is an integral part of cooperative development The underlying assumptions of this study in this regard are that

(a) the experience with which people enter a cooperative has an important influence on the development of their cooperative consciousness,

(b) actions and consciousness are limited and/or enhanced by the particular socio-political and historical context,

(c) cooperative consciousness cannot develop simply through imposing cooperative forms upon people or through exhorting people to be cooperative,

(d) people have to have experienced a successful co-op (successful in terms of providing for their material needs) for them to come to accept fully a cooperative consciousness and

(e) simultaneously, in order for people to build a successful co-op, people need, not a fully formed, but at least some conception of cooperation

On the basis of these assumptions, I examine the effects of cooperators previous work experiences on their perceptions of their cooperative

1.6 Research Methodology

1.6.1 The Theory

The process of producing knowledge necessarily involves abstraction This is because evidence is not self-explanatory In order to interrogate evidence it is necessary to formulate specific questions It is impossible, however, to ask all possible questions about a situation Thus, one has to choose particular questions out of all the potential questions Further, the questions asked will influence the evidence chosen to answer them The process of choosing questions, and thereby choosing evidence, cannot be arbitrary One has to have some criteria for selecting questions and evidence The only way to develop such criteria is through processes of abstraction and providing a theoretical framework

Such processes involve developing concepts which express, at a theoretical level, qualities which are common to a range of objects, processes, or situations This process of formulation of concepts is itself a process of dialogue between conceptual development and empirical studies The abstractions one develops are based on previous engagements with empirical material The theory referred to in this study has developed in a dialectical process of interaction between theoretical and empirical work This work is in itself essentially part of this dialectical process Through this research I engage both with existing theoretical material and with a new body of empirical evidence In this way I hope to contribute to knowledge related to cooperative organisation

With reference to contextual issues, I recognise that the level of capitalist development in a society will influence the political, economic, and ideological context in which cooperatives emerge Co-ops in Western Europe, Britain and the USA have emerged in different political, economic, and ideological contexts to those in former Eastern Europe, Asia or Africa For this reason one cannot uncritically 'apply' theory based on the practical experiences of cooperatives in the West to co-ops in former Eastern Europe, Asia and/or Africa Co-operative theory must incorporate categories and variables which can handle significant *differences* in the overall context, as well as the general similarities

In the light of the significance of the social context of cooperatives, I have chosen a specific method in approaching cooperatives in South Africa and Zimbabwe Before going into the field, I was equipped with knowledge, both theoretical and empirical, of co-ops in Europe, Britain and the USA I thus had a general awareness of issues facing co-ops Recognising the importance of the specificities of the Southern African context, however, field experience was allowed to inform the theory This particular approach enabled me to highlight some of the weaknesses of existing theories of participatory democratic organisation

1.6.2 The Case Studies

The bulk of this research was done in the Western Cape region of South Africa, with one case study located in Harare, Zimbabwe In the Western Cape, the cooperatives studied were situated in two areas of the region, namely, the Cape Flats and South East Sector of the Cape Peninsula, and the town of Montagu in the Breede River region, about 250 kilometres north east of Cape Town

The Spinning Project (the first case study reviewed in Chapter Five) was situated in Langa, the oldest African township in the Western Cape at the edge of the Cape Flats Some of the African women involved in this project lived in surrounding shanty areas in Langa, while others lived in the shanty areas of Crossroads and Khayelitsha Launisma Brickmaking Cooperative (the second case study reviewed in Chapter Six) was located in Philippi Industrial Area Its members were predominantly male and African most of whom lived in the shanty town of Crossroads Members of the Spinning Project and Launisma Brickmaking were predominantly Xhosa speaking

Montagu Carpentry Cooperative (the third case study reviewed in Chapter Seven) was located in the town of Montagu Its members, mainly men, were drawn from surrounding Coloured townships, with the exception of one who lived in the African township of Zolani in Montagu The predominant language spoken here was Afrikaans

Finally, Fencing Services Cooperative Society, the fourth case study reviewed in Chapter Eight, was based in Harare, Zimbabwe Its members were predominantly African, male and Shona-speaking

Figure 1 indicates the geographical locations of research Figure 2 indicates more specific areas referred to in this study

My decision to study the Langa Spinning Project and Launisma Brickmaking Co-op was based on issues which were raised during initial visits to these enterprises and were relevant to the research questions Lack of finance, low levels of organisational development, and the particular managerial structures of these enterprises helped develop criteria for selecting other enterprises which could provide interesting comparative material for the study For example, the Spinning and Brickmaking cooperatives each had different forms of centralised management by managers who were not co-op members Montagu Carpentry Co op was chosen because of its more advanced level of organisational development and its appointment of a manager as a co-op member

Fencing Services Co-op was chosen for its involvement in the Collective Self Finance Scheme (CSFS) established by co-ops in an attempt to counter dependency on donor aid The financial problems of co-ops in SA and relationships of dependency with service organisations and/or donor agencies made the study of such a scheme significant as an example to other co-ops in the region This particular study, more especially its involvement in the CSFS and its relationship with the Zimbabwean state, provides lessons from which South African

Figure 1: Map of Southern Africa indicating geographical locations of research

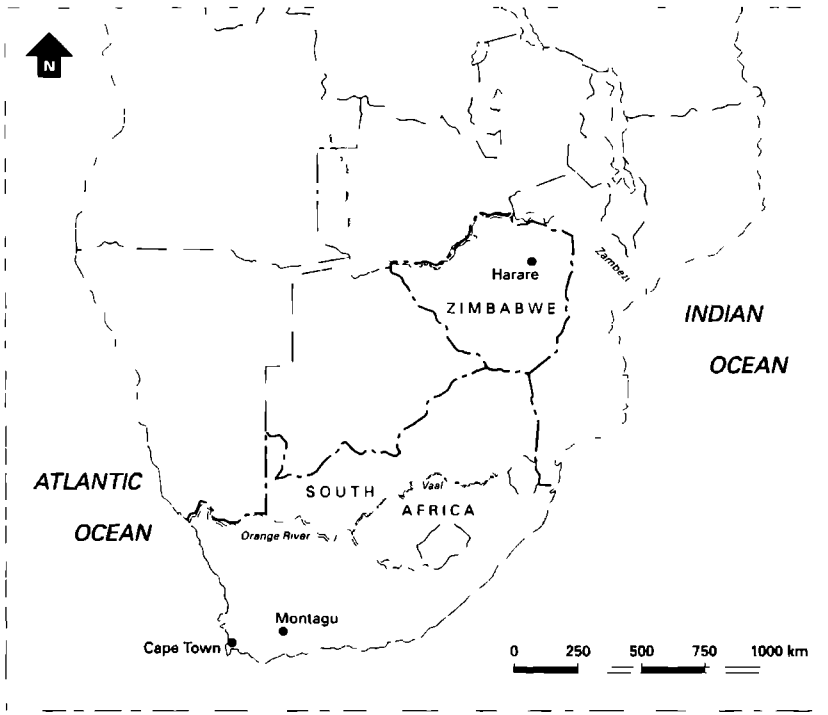
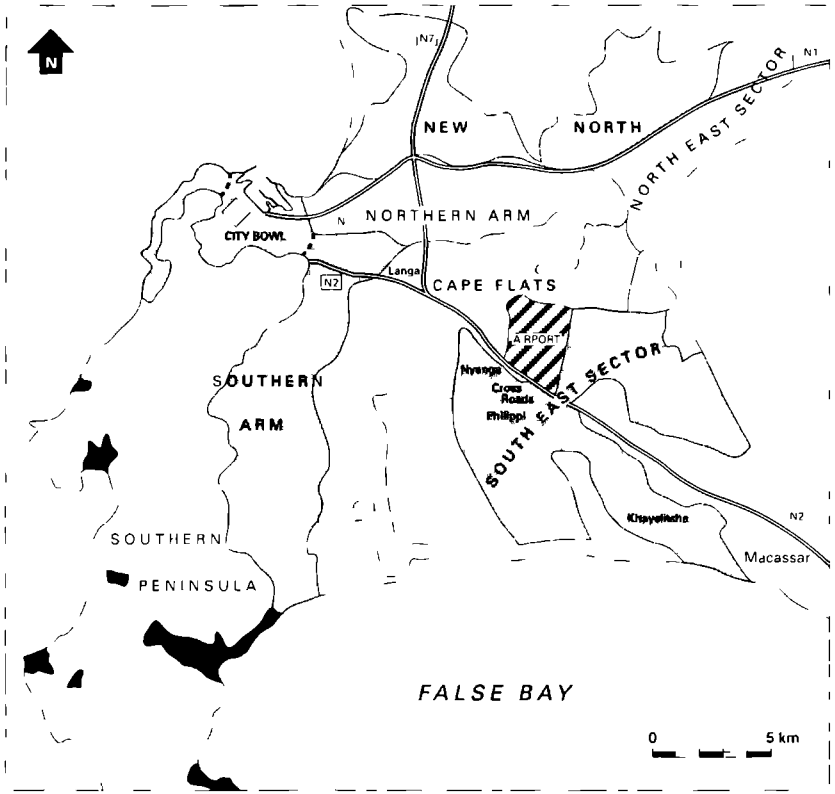


Figure 2 Structure of greater Cape Town indicating Langa Crossroads and Khayelitsha[1]



Source Adapted from Bridgman D *et al*., 1992 16

[1] The City Bowl Southern Peninsula Southern Arm, Northern Arm and New North on Figure 2 are populated mainly by whites The Cape Flats (with the exception of Langa, an older African township), North East Sector and some parts of the South East Sector are mainly coloured residential areas Situated furthest from the City Bowl and mainly in the South East are the African townships of Nyanga Khayelitsha, and Crossroads This particular racial demographic structure is due to the Group Areas Act, apartheid legislation separating residential and trading areas by racial classification of citizens Although this law has recently been scrapped, the social reality of racially separate residential areas remains

cooperatives can learn It also provides the basis for comparing a cooperative experience in Zimbabwe with those in South Africa

The in-depth case studies of processes of cooperative development presented in this work are useful in providing qualitative empirical information The examination of generally similar enterprises which exhibit specific differences is enhanced by the comparative analysis Furthermore, the similarity in themes selected for examination in both the case studies and the comparative analysis provides for continuity in the dissertation

1.6.3 Research Techniques

In the Spinning Project and Launisma Brickmaking Cooperative the key techniques used were participant observation and semi-structured in depth interviews The former included observation of work processes on the shopfloor, of organisational processes and of power relationships within these enterprises This was done by spending time on the shopfloor engaging with people as they produced, asking questions about the process of production and the problems they experienced while working, participating in weekly general meetings where production, organisational and financial issues were discussed, and participating in special meetings held to discuss problems in these areas The interviews were with cooperators, managers, co-op advisors and key informants in the support organisations concerned Interviews were done after a period of observation with questions based on issues arising from observation In addition, informal discussions outside the workplace with co-op advisors yielded valuable information and helped to contextualise observations and interview information

In the Spinning and Brickmaking enterprises it did not occur to me to ask whether I could participate in the production process, nor did cooperators invite me to do manual work In the case of Montagu Carpentry Cooperative, however, part of cooperators agreement to allow me to study the enterprise included that I work with them I was thus provided the opportunity for a more direct form of participant observation In this particular cooperative I was able to do manual work with cooperators in the sanding department on the assembly line This experience gave me a sense of the rhythm of a working day and of the nature of relationships between members in different departments on the assembly line

Furthermore, just as in the other two enterprises, semi-structured in-depth interviews were conducted with cooperators, the manager and the director of the support organisation concerned, and meetings were attended Importantly, unlike in the other enterprises studied, I stayed with one of the members of Montagu Carpentry Cooperative during my research This gave me a sense of members' lives outside the workplace and provided valuable opportunities for informal meetings and discussions after work Again, unlike the Spinning Project and Launisma Brickmaking,

this cooperative had accessible business records Minutes of meetings, financial reports and other relevant documents were examined These helped piece together historical processes in this cooperative

In the case of Fencing Services Co op (FSC), the research techniques included firstly, literature surveys (using material in the CSFS library) of both the Collective Self Finance Scheme (CSFS) and Fencing Services This gave me an opportunity to familiarise myself with developments in both the Scheme and the Co-op On the basis of this knowledge, semi-structured interview schedules were prepared

In-depth interviews were conducted with the field staff, coordinator and chairperson of the CSFS, with member managers and producers in Fencing Services Co op, and with a government official of the Ministry of Cooperatives of Zimbabwe, Mr Manyanya Additional research techniques included observation of workprocesses undertaken by staff of the CSFS both in its offices and in the field, that is, with its member cooperatives Workprocesses both on the shopfloor and in the management offices of Fencing Services Co-op were also observed Furthermore, a Management Committee meeting of FSC and one of the CSFS staff meetings were attended These meetings gave me some idea of the organisational processes and power relationships within these enterprises

At the end of the research period a brief report was submitted to the CSFS stating my research observations and recommendations

1.7 Reflections

1.7.1 Gaining Access

I engaged in an active process of investigating access to producer co-operatives for the purposes of research By the time research in the co ops began, an increasing emphasis developed on the relevance of research to the political struggle for liberation in South Africa at the time On the one hand, since I had no formal links with any community organisations at the time, the difficulty of gaining access was compounded On the other hand, in the event of my having had already established links with a community organisation, political credibility of that organisation would have either prevented or facilitated access to only particular producer co-operatives thus placing limitations upon the scope of the research

I gained access to two producer co-operatives through contacts made with the Unemployed Workers' Movement (UWM)[1] at a workshop on co operatives held in Johannesburg The UWM, support organisation for a few co ops at the time, facilitated research in Launisma Enterprises and Buthisizwe Cooperative, the first co-operatives to agree to participate in my research The UWM also contributed to my learning process about the

[1] The Unemployed Workers Movement (UWM) has since merged with the National Unemployed Workers Coordinating Committee (NUWCC) to form the Western Cape Unemployed Workers Union (WECUWU)

nature of relationships between co-ops and different types of support and/or political organisations.

Research in Montagu Carpentry Cooperative and the Langa Spinning Project was facilitated by the service organisations linked to these enterprises, namely, Montagu and Ashton Gemeenskapsdiens (MAG) and the Catholic Welfare Bureau respectively. Access to Fencing Services Cooperative Society was gained through the Collective Self Finance Scheme.

1.7.2 Petty-Politics and 'Objective Research'

Although I had access to Buthisizwe Cooperative and a substantial amount of research time was spent in this enterprise, it is not included in this work as a case study. This is because I was later prevented from continuing research in this enterprise due to conflict between the co-op and the UWM and on the assumption that I was employed by the organisation.

The context of this conflict was complex. Suffice it to say that on Buthisizwe's request, the UWM employed a full-time skills trainer, Mr Isaacs, to work with this co-op. In spite of the urgency of Buthisizwe's request and long hours spent in meetings discussing the provision of a trainer and its implications, there was a sense of resistance on the part of the co-op towards Mr Isaacs. It is difficult to pin point the source(s) of this resistance. Mr Mohammed, the co-op organiser for the UWM at the time, suggested that among the reasons for this resistance was that co-op members were surviving on "hand-outs", that is, aid from the British Council and World Vision and that for this reason they did not show much enthusiasm for training (Interview 2.7). It is, however, difficult to accept this as a complete explanation for Buthisizwe's resistance.

Nevertheless, during the first few weeks of his presence at Buthisizwe, Mr Isaacs discovered that the co-op had received funds from the American Embassy. Without consulting the co-op, he reported this matter to the UWM who did not approve of American funding for political reasons. A discussion of these reasons is beyond the scope of this dissertation. The UWM's response was to suspend Buthisizwe from its services until clarity was gained on the nature of the relationship between the co-op and the US Embassy and its implications for the co-op's affiliation to the UWM. This suspension was done without prior consultation with Buthisizwe. This action on the part of the UWM led to counter action from the co-op. Consequently, Buthisizwe told the trainer to leave. I was told that I could no longer continue my research since I was regarded as affiliated to the UWM and could not be entrusted to the co-op's domestic affairs.

Simultaneously, the National Unemployed Workers' Coordinating Committee (NUWCC), another organisation involved in organising the unemployed at the time, was competing with the UWM to mobilise members of the co-op concerned. In addition, the South African Labour and Development Research Unit (SALDRU), a support organisation

financially better endowed than the UWM was able to offer Buthisizwe more funds and probably more skilled support In the context of severe lack of funds and skills, Buthisizwe opted for SALDRU's support

The linkages, if any, between these processes and contests all happening at the same conjuncture are unclear Nevertheless, this situation highlighted the contradictions involved in seemingly associating oneself, as researcher, with a particular organisation In a sense organisational affiliation or association is required to gain access to co-ops for the purposes of research In times of conflict between the organisation and the co-op involved, however, researchers and voluntary service workers who are not necessarily affiliated to or employed by the organisation are excluded along with the support/political organisation

The kinds of political struggles into which one is drawn as a researcher raises important questions about the possibility of 'objective' research in the social sciences as defined in research methods books Furthermore, the legitimate demands for research relevant to the political struggle in South Africa at the time and for accountability on the part of researchers to the organisations and people being studied puts to question the possibility of engaging in 'objective' research

1.7.3 The Researcher in Context

The varying socio-political and cultural contexts of the cooperatives chosen for this research highlighted the importance and implications of the researcher's identity when engaged in qualitative work The Langa Spinning Project and Launisma Brickmaking Co-op were both located in African townships with their membership predominantly African, Xhosa-speaking and drawn mainly from shanty town communities Montagu Carpentry Co-op was located at the edge of a Coloured township with its membership mainly Coloured and Afrikaans-speaking Being Coloured myself, and in the historical context of centuries of racial segregation in South Africa it was difficult for me to stay with the African cooperators who spoke a different language, were part of a community historically defined as 'inferior' to Coloureds, and relatively less well off than their Coloured counterparts in Montagu In the context of Montagu Carpentry Cooperative, however, my Coloured identity allowed me to stay with a co op member in the community for the duration of the research In this case my fluency in the language spoken facilitated research

In the case of Fencing Services Co-op, I was unfamiliar with the language spoken and had the status of an outsider in the sense that I was from a different country

1.7.4 Strengths and Limitations

Regular visits to the cooperatives studied proved to be useful for learning about the issues and problems confronting them and the internal dynamics

of the enterprises Special meetings and weekend workshops helped to place these issues and problems in broader perspective Regular contact and in-depth informal discussions with co-op advisors, managers and cooperators proved to be valuable in gaining some historical perspective on the problems and internal dynamics of both the enterprises and their service organisations

In the cases of the Langa Spinning Project and Launisma Brickmaking Cooperative an interpreter assisted with interviews since I am not fluent in the Xhosa language This probably resulted in some loss of information Choosing and finding an effective interpreter whose presence would interfere as little as possible with the interviewees' responses was not an easy task Furthermore, financial constraints placed limits on access to more experienced interpreters Nevertheless, the interpreter chosen proved to be helpful since she had experience of interviewing people with broadly similar everyday life experiences Moreover, similarities in cultural experiences facilitated a relatively relaxed and safe relationship between the interpreter and the interviewees This enabled cooperators to share with me some valuable information

In the case of Montagu Carpentry Cooperative, my fluency in Afrikaans, home language of most members of the Coloured community in Montagu, facilitated gathering information and understanding the nuances of members' expressions

Staying in the community in Montagu where most of the co-op members lived, and being hosted by the family of one of the co op members greatly facilitated the learning process about the co-op itself and especially about the people who predominantly constituted the co-op My host was an active member of the church and of church based organisations responding to particular needs (for example, creches) and problems (for example, alcoholism) in the Coloured community Informal conversations with him provided valuable insight into the issues facing the community and the main perceptions which constitute the consciousness of most people with whom contact was made This insight was further enriched by conversations with the hostess while assisting with daily domestic chores in the evenings after working in the cooperative

Furthermore, since most members of Montagu Carpentry Co-op lived in close proximity to each other contact outside of production time was made with various members Such contact proved to be useful in building open and trustworthy relationships with most of the members which, in turn, facilitated their ability to share with me their experiences in the co-operative workplace

In the case of Fencing Services Co-operative in Zimbabwe, my lack of language proficiency in Shona and the lack of finances to employ an interpreter made me unable to interview most worker-members As a result, only four workers were interviewed These were chosen with the assistance of the factory-manager on the basis of their command of English Although no generalisations can be made from these interviews some valuable information was gained The interviews indicated a few

different opinions of worker-members on the workings of the co-op It is on the basis of these interviews that I was able to tap into some of the problems in FSC and the CSFS The limitation of this case study, however, remains information was gained predominantly from interviews with FSC member-managers and CSFS staff making it in some way biased

1.8 Structure of the Dissertation

Following this introductory chapter, Chapter Two starts at the general level of theories of participatory democratic organisation and of conceptualising co-op development as process In this chapter I review some of the works of ICOM (1987), Rothschild and Whitt (1986), Abell (1981), Bernstein (1976, 1983) and Brecker (1988) This helps develop the argument that there is a model for participatory democratic organisation and there are criteria which distinguish such forms of organisation from others These criteria, which include among others participation in decision-making, the development of a cooperative consciousness and accountable management, are later used to assess the degree of democratisation in the enterprises studied This chapter also introduces insights into cooperative development as a process with various stages, namely, the pre-cooperative, non-viable, potentially viable and viable stages These are expanded during the course of the dissertation

Chapter Three proceeds with a focus on specific practical constraints faced by co-ops in capitalist environments For analytical purposes, I distinguish between external and internal' constraints The former refer to obstacles in the environment in which co ops operate while the latter refer to issues from within the organisations which hinder processes of democratisation These constraints highlight the need for education for democracy / cooperation which embodies both the values and practices of democracy Effective cooperation, however, requires not only educated, competent participants but also participants with a cooperative consciousness and/or at least the potential to develop such consciousness This chapter explores some aspects of the basis for the development of cooperative consciousness It closes with a focus on the importance of support structures in sustaining cooperative values and practices, possible functions for and dilemmas faced by such structures, and some cautions about state support for co-ops

Chapter Four begins with a the general context for the renewed emergence of co-ops in South Africa in the 1980s This is followed by an overview of cooperatives in South Africa in that decade Since there is no established and organised cooperative movement in this country, clusters of co-ops in different provinces are briefly reviewed These are separated into those linked to service organisations and to trade unions This chapter also gives a general profile of emergent co-ops with information on the constraints they face The debate at the time of research about the role of co-ops in building socialism is briefly reviewed This should be seen in the context before the collapse of actually existing socialism in former Eastern

Europe Finally, the chapter sketches the range of perspectives influencing service organisations which initiate and/or support cooperatives

Chapter Five marks the beginning of the empirical work for the dissertation The establishment of the Langa Spinning Project as a cooperative experiment by the Catholic Welfare Bureau (CWB) is explored in this chapter Its development and the beginnings of its transformation into a cooperative under the direction of a manager employed by the CWB highlights some of the problems with a top-down approach to cooperative development

In Chapter Six the case of Launisma Brickmaking Co-op provides an example of how the poor become trapped in a cycle of poverty in a context of competition for scarce resources This study also points to negative consequences of aid Significantly, it suggests that in contexts of scarce resources and struggles for daily survival, practices of participatory democratic cooperation become all the more difficult

Chapters Seven and Eight tend to be more hopeful The organisational development of Montagu Carpentry Co-op clearly indicates increasing democratisation of the enterprise accompanied with the increasing empowerment of its membership through collective control over production A significant feature of this enterprise is the appointment of a white member-manager who is accountable to the producers This study shows how producers challenge racist power relations at work and in this way begin to develop a cooperative consciousness

The study of Fencing Services Cooperative Society in Chapter Eight begins with an introduction to the Zimbabwean context and the history of the cooperative movement in this country The role of the state in supporting cooperatives and the disjuncture between its promises and its actual practice is briefly dealt with Following this contextual introduction, I proceed with an account of the development of Fencing Services Cooperative Society This study highlights some of the difficulties workers face when taking over capitalist firms in an attempt to save their jobs In this particular case these include mainly taking over a firm with large amounts of accumulated debt and very little liquid capital, as well as inheriting the capitalist management structure and practices of the previous enterprise A significant aspect of this study is the establishment of the Collective Self Finance Scheme (CSFS) organised and democratically controlled by its member-cooperatives The operational structures of the CSFS, its development policy and practices, and its relationship to donor agencies provide important examples for other cooperatives of possible methods towards self-reliance In the context of donor dependency and severe shortages of finance among cooperatives the CSFS provides important lessons to learn from

The Zimbabwean case study closes the empirical work of the dissertation and leads into Chapter Nine which provides a comparative analysis of the enterprises studied and the South African and Zimbabwean experiences This chapter outlines the general similarities and specific differences among the four cooperatives studied Differences in the

organisational development, levels of cooperative consciousness and degrees of democratisation in the enterprises suggest that each is at a particular stage of cooperative development

It is in Chapters Nine and Ten that I attempt to integrate the reviewed theory and the empirical work done for the dissertation In the closing chapter I categorise each of the case studies in terms of the stages of cooperative development reviewed in Chapter Two The Langa Spinning Project is categorised as a pre-cooperative, Launisma Brickmaking Co op is non-viable, while both Montagu Carpentry Co-op and Fencing Services Co-op are classified as potentially viable cooperative enterprises This chapter expands on the most likely characteristics of each of these stages Importantly, however, it points out that the stages of cooperative development noted represent only theoretical constructs which enhance our understanding of this process In reality this process is not as smooth as the stages appear to be Furthermore, no single cooperative perfectly fits any one stage The practical implications of conceptualising cooperative development as a process are explored This chapter closes with a presentation of the research findings and related conclusions

CHAPTER 2

THEORIES OF PARTICIPATORY DEMOCRATIC ORGANISATION

2.1 Introduction

There are two reasons for this focus on theories of participatory democratic organisation Firstly, for the purposes of this work a cooperative is defined as a form of participatory-democratic economic and work organisation which is alternative to capitalist and bureaucratic forms of organisation This definition demands some indication of what is meant by participatory democracy and of the practical significance of such organisation Secondly, among the cooperatives studied for this work, democracy was predominantly defined in terms of ***what it is not*** 'in co-ops there are no white bosses, there are no managers and supervisors as in the factories' This highlights a need to define ***what democracy is/can be*** and ***what it actually entails*** in the context of a cooperative This review attempts to address this need

2.2 No Single Model

I begin with an examination of a publication by the Industrial Common Ownership Movement (ICOM, 1987) This work is based on co-operator and trainer experience gained during an ICOM Pilot Training Programme (IPP) which involved four larger[1], economically successful cooperatives based in London, United Kingdom The aim of IPP was to clarify existing models of co-op organisation and to develop new models with specific reference to issues of participation, growth, economic survival, and management (ICOM, 1987 3) ICOM's argument involves some crucial underlying assumptions which must be tested Firstly, cooperative development is viewed as a process Secondly, co-operative success is defined in terms of economic performance ***and*** participatory democratic organisation Thirdly, co-op members must be well-informed in order to participate effectively (ICOM, 1987 1, 2)

None of these crucial assumptions, however, are clearly explained and/or developed Among the tasks of this dissertation are thus (a) to justify the description of cooperative development as a process, (b) to define the 'successful co-operative' clearly, and (c) to explain why co-op members must be well-informed

The ICOM work emphasises the ***diversity*** of forms of participatory democratic organisation and management On the basis of this emphasis the authors conclude that there is no single model for democratic organisation and management in larger co-ops

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[1] Larger co-ops are defined by the authors as having more than twenty members (ICOM, 1987 15)

In spite of this emphasis on diversity, however, the work does reach some 'general' conclusions:

(a) no single model of co-operative success and organisation exists

> *[w]hile it is relatively straightforward to measure commercial performance, there are as yet no objective measures for 'cooperative success' (p 91),*
>
> *[t]here are no clear guidelines to follow or models of good practice to which the cooperative can aspire (p 93),*

(b) larger co-ops require more complex organisational structures and must be open to structural change as they grow, these co-ops are likely to experience difficulty with participatory decision-making because

> *[i]ncreasing size makes it difficult for every member of the workforce to have a direct voice in the running of the cooperative (p 95),*

(c) management is important for the commercial success of a co-op, co-ops must therefore move away from

> *the rigid trap of consensus [management on the basis of one person one vote] if they are going to grow and succeed (p 96)*

Nevertheless, it is argued that cooperators themselves, if given the opportunity, are perfectly capable of learning to manage Networking with other cooperatives is seen as an effective training method in this regard All of these conclusions are certainly ***potential*** elements of a 'general model' at some level, but the authors fail to pursue this

Because of this failure, there are major weaknesses in ICOM's work Firstly, ICOM does not achieve its goal, to develop new models of cooperative organisation and management This occurs despite clear indications of some common elements in the experiences of the four co-ops under IPP training Secondly, the authors conclude that co-ops must move away from consensus management if they want to grow into successful enterprises, but do not offer any guidelines to alternative forms of management for co-ops Thirdly, ICOM's case study material clearly indicates that difficulties with member participation in larger co-ops do not prevent cooperators from developing structural mechanisms to deal with such difficulties Yet the authors fail to generalise from this practical experience A fourth weakness is the argument that there are no measures for cooperative success Surely ***something*** must justify use of the descriptive term 'co-operative'? The source of these weaknesses is ICOM's failure to articulate the theoretical implications of the common practical experiences of the co-ops under study, and their inconsistent and limited

'definition' of a successful co-op (refer to ICOM, 1987 1, 2, 94 for the latter)

In my view, these authors confuse real, practical ***paths*** to democratic organisation, management, and success with theoretical models of these processes At the level of practice, I agree with the authors that no single model of these aspects of cooperation 'exists' Models never 'exist' in practice I am of the view, however, that modelling is possible - indeed inevitable - at various levels of abstraction Some such 'model' is implicit in the very act of defining and studying a 'co-operative' what else justifies the categorisation?

One can only assess co-operative practice by conceptualising what a 'co-op' is, what 'participatory democratic organisation' entails, what 'co-op management' involves, and what 'cooperative success' means, even if this understanding is modified or rejected in the process of analysis This implies that at the most general level of abstraction there ***must*** be a single 'model' In fact, a general model of cooperative organisation and specific models of each aspect of cooperative work are both necessary and useful for the purposes of differentiating co-ops from other forms of enterprises

In spite of the above criticisms, ICOM's general findings are valuable, some of which will be followed up

The remainder of this chapter attempts to develop a theoretical approach or model of cooperative organisation to be tested in empirical work I continue with the theory presented by Rothschild and Whitt (1986) and proceed to consider the work of Abell (1981) This sequence allows progression from the former authors' uni-dimensional view of cooperative organisation to Abell's more realistic theoretical insights

2.3 Rothschild and Whitt (1986) - A Model of Participatory Democratic Organisation

Unlike ICOM, Rothschild and Whitt (1986) make a first step in the development of such a model[2] The book examines the nature, possibilities, and limits of ***direct*** democracy in cooperative organisations It is based on empirical research done in collective organisations involved mainly in the provision of services a 'free' school, a law collective, a 'free' clinic, and a newspaper collective The authors develop a theory of democratic organisation and indicate how this theory applies to a wide range of directly democratic and related organisations

The book has two main aims The first is to construct a model of the organisational properties of cooperative organisations The second is to identify the conditions that undermine and/or support what is seen by the authors as the most essential characteristic of cooperatives participatory democratic decision-making procedures (1986 2) Meeting these goals involves two central arguments The first is a comparison of participatory

[2] I call it a first step since this work has severe limitations, especially for Southern Africa

democratic organisations (PDOs) with bureaucratic organisations The second consists in testing the authors' central hypothesis that the creation of organisational democracy is ***conditional*** (1986 3) These arguments are based on both empirical evidence and related field research by others

Rothschild and Whitt's (1986) theory of democratic organisation is based on one of Weber's forms of rationality, namely, substantive or value rationality, as opposed to the formal-legal-rationality which forms the basis of bureaucracy and of Weber's theory of bureaucracy Thus, whereas the basis for authority in a bureaucratic form of organisation is formal-legal-rationality, authority in a cooperative is based on substantive rationality

The ideal, polar forms of bureaucracy or democracy are never achieved except at the level of abstraction "In practice, organisations are hybrids" (Rothschild and Whitt, 1986 50) In the light of this the authors adopt a Weberian approach and develop an ideal-typical model for participatory-democratic organisations The purpose of this model is to 'delineate the form of authority and the corresponding mode of organisation" (ibid) This approach, they argue, will facilitate understanding of participatory-democratic organisations not only in terms of their differences from conventional bureaucratic organisation (what they are not), but in terms of their unique characteristics (what they are in their own right)

It is further argued that the use of an ideal-type allows one to classify actually existing organisations along a continuum (1986 50) This avoids forcing a particular categorisation upon an organisation Instead, it allows features within an organisation to determine its 'type' in terms of the model This approach allows one to speak of 'degrees' of participatory-democratic organisation This is significant in view of the second objective of this work, namely, to explore whether cooperative development is a process involving various stages corresponding to various degrees of democracy and economic viability

Rothschild and Whitt identify eight distinguishing characteristics of participatory-democratic organisation and/or collectivist organisation in contrast to the general features of bureaucratic organisation These concern authority, rules, social control, social relations, recruitment and advancement, incentive structure, social stratification, and differentiation I consider each in turn and provide critical comments afterwards

(a) Authority

In a bureaucracy, authority resides in individuals by virtue of their office and/or expertise, and is manifested in the form of hierarchical organisation Individuals in such organisations are ultimately accountable to universally defined and fixed rules implemented by those in office By contrast, in participatory-democratic organisations (PDOs) authority is vested in the collectivity as a whole Authority is sometimes, though rarely, delegated Delegated authority is only temporary and subject to recall Ultimate accountability/compliance is to the consensus of the collective which is at all times open to negotiation

(b) Rules
Rules in bureaucracies are formalised, fixed, and universal Decisions are made on the basis of these formally written rules and regulations In PDOs, however, stipulated rules are minimal and decisions are taken primarily on an *ad hoc* basis

(c) Social Control
In bureaucracies social control over organisational behaviour at the bottom of the hierarchy occurs mainly through direct supervision and standard rules and sanctions At top levels such control is exercised through the selection of ideologically homogeneous personnel On the contrary, in PDOs social controls are primarily based on personalistic or moralistic appeals and the selection of ideologically homogeneous personnel at all levels

(d) Social Relations
Social relations in bureaucratic organisations are essentially impersonal These relations are based on the roles of individuals in the organisation and are segmental and instrumental Such relations in PDOs are wholistic, personal, and of value in themselves

(e) Recruitment and Advancement
In bureaucracies individuals are employed on the basis of their specialised training and formal certification of such training In addition, employment constitutes a career with promotion based on seniority and achievement In PDOs, however, employment is based on friendship, social-political values, personality, and informally assessed knowledge and skills In such organisations there is no concept of career advancement nor is there a hierarchy of positions

(f) Incentive Structure
In bureaucracies remunerative / monetary incentives are primary, whereas in PDOs such incentives are secondary with normative and solidarity incentives being primary

(g) Social Stratification
Social stratification in bureaucracies is based on differential rewards in the form of prestige, privilege, and power on the basis of positions in office The organisational hierarchy legitimises inequality On the contrary, PDOs are egalitarian with reward differentials, if any, strictly limited by the collective as a whole

(h) Differentiation
Bureaucracies are characterised by maximal differentiation in the division of labour with clear distinctions between mental and manual work, and between administrative and performance tasks In addition, there is maximal specialisation of tasks and functions with technical expertise

exclusively held by experts In PDOs, on the other hand, there is a minimal division of labour with the mental/manual division reduced and the administrative and performance tasks combined Tasks and functions are usually generalised with all individuals involved in all tasks at some time This contributes to the demystification of expertise in such organisations (1986 62, 63)

On the basis of their comparative analysis as summarised above the key features of Rothschild and Whitt's ideal-type model for participatory-democratic organisation can be summed up as follows

(a) authority is vested in the collective as a whole with the possibility of temporarily delegated authority subject to recall,

(b) minimal rules with decisions taken mainly on an *ad hoc* basis,

(c) social control and organisational cohesion is primarily based on personalistic and moralistic appeals and the selection of ideologically homogeneous personnel,

(d) social relations are essentially wholistic and personal,

(e) there is no hierarchy of positions, employment is based on political beliefs and informally assessed knowledge and skills,

(f) material incentives are secondary while normative and solidarity incentives are primary,

(g) egalitarian compensation and rewards or strictly limited reward differentials, and

(h) a minimal division of labour

Among the many strengths of this work is the authors' recognition of the need for a model for PDOs (unlike the ICOM work discussed above) for the following valid reasons to provide firstly, a model toward which PDOs can aspire and secondly, one by which they can evaluate their impact and success (1986 72) A further strength is their success in actually producing such an ideal type model Furthermore, the implications of this ideal-typical model for practice, namely, that such organisations are 'hybrids' on a continuum of degrees of democracy is a strength in itself

In its ideal-typical form, however, this model has serious limitations especially when dealing with co-ops in developing countries such as South Africa, and also for larger co-ops in all contexts

Firstly, for larger co-ops delegated authority, clearly defined rules, planned and clearly divided decision-making processes, and a clear division of labour with corresponding rewards, are often necessary, if not crucial, for the purposes of efficiency and survival Secondly, with reference to co-ops in developing countries where people form or join co-ops mainly for material reasons, organisational cohesion is primarily materially based rather than 'moralistic' as suggested by the model In addition, employment in such co-ops is also mainly materially based (based on the need for employment) with political beliefs of prospective members being a secondary issue The common political experiences of members and prospective members of co-ops in such contexts, for example, unemployment and retrenchment, are essentially material as opposed to the ideological commonalities expressed in the model

Thirdly, in the context of this predominance of material factors in the formation and cohesion of co-ops in developing countries, material incentives are primary with normative and solidarity incentives taking second priority Finally, many developing societies are characterised by a highly unequal distribution of basic education and skills This means that current and prospective co-op members in such societies are often unskilled, illiterate, and innumerate, with very little education In this context, education and training is crucial for long-term co-op success In the meantime, a clear division of labour is also necessary Economic and organisational efficiency demand that members perform functions for which they are most suited, including 'mental' tasks

A further basic assumption contributing to the weakness of this theory and model is that maximising efficiency is ***not*** an important objective for cooperatives Furthermore, the theory allows for delegated authority, however, the authors fail to develop this idea, to provide practical examples of it and to indicate possible variations in such forms of authority In addition, the Weberian concept of substantive rationality upon which it is claimed this theory is based also remains undeveloped

In the light of these limitations of the ideal-typical model for PDOs presented by Rothschild and Whitt (1986), this model is not universally applicable Instead, both their theory of democratic organisation and the model which they provide are limited to small cooperatives formed primarily for ideological reasons and comprised of members who are affluent, well-educated, often skilled, and often with no family responsibilities Furthermore, the theory is based on the assumption that direct democracy and consequently, decision-making by consensus through a one person one vote system is the ***ideal*** form of organisation for ***all*** co-ops irrespective of their size and the context in which they exist More basically, the authors assume that democracy is the only goal and need of a cooperative They ignore both economic goals and needs and the need for good management

These limitations of the theory and the resulting model of organisation are reflections of the limits within the empirical material on which this work is partly based service cooperatives formed mainly for ideological reasons and comprising members motivated mainly by such reasons and who are generally affluent and well-educated

2.4 Abell (1981) - Principles of Democratic Organisation

Abell (1981), goes beyond the work of Rothschild and Whitt (1986) He provides one with a broader definition of direct democracy

> *a situation of one participant one vote on all organisationally relevant decisions - or a fairly extensive system of representational (or delegate) democracy (1981 262)*

He also sets out five principles underlying the concept of democratic organisation

> *D 1 The principle of* **political equality** *whereby all members of the organisation have the right to participate directly, on the basis of one person one vote, in all decisions affecting the organisation*
>
> *D 2 The principle of* **representation** *whereby members have the right to surrender all or part of their rights as embodied in D 1 to chosen representatives or delegates*
>
> *D 3 The principle of* **specific or special competence** *whereby it is recognised that certain decisions call for specialised skills and thus become the proclivity of those with such skills*
>
> *D 4 The principle of* **efficiency** *whereby it is recognised that the concept of goal fulfilment is the raison d'être of the organisation (Abell, 1981 262/3)*

In relation to these four principles the author notes that the question arises as to how D 2 to D 4 should, in a democratic organisation, constrain D 1? In this regard he states that democratic theory suggests a further principle, namely,

> *that the decision to surrender decision making autonomy through representation, competence or efficiency should itself be subordinated to principle D 1 (Abell, 1981 263)*

This decision is arrived at democratically and he calls it a "meta-decision' (ibid) Thus a fifth principle is added

> *D 5 The principle of* **meta-democracy** *whereby D 1 is used to determine how D 2 to D 4 may be allowed to constrain D 1 (ibid)*

The author further notes that communication - defined as 'the generation and transmission of information" (1981 262) - is necessary within a democratic organisation for the purposes of coordination, control, and political participation (1981 263)

Furthermore, Abell (1981) points to the implications of the above definition of direct democracy, the five principles of democracy, and the need for communication for democratic organisation These are,
(a) that hierarchy is compatible with organisational democracy,
(b) that hierarchy reduces costs,

(d) that "there is no reason to suppose a democratic organisation will operate with a consensus' (1981 263) and
(e) that one should not equate democratic organisation with the demise of hierarchy (1981 264)

Abell's (1981) conceptualisation of participatory-democratic organisation moves away from the limits of consensus decision-making and allows for a combination of direct and representative democracy through delegation It recognises the need for a division of labour in both decision-making and manual tasks for the purposes of efficiency, an aspect of cooperative organisation perceived as 'unimportant' by Rothschild and Whitt (1986) These aspects of Abell's conceptual framework are significant in that they enable one to deal with general features of both larger and smaller cooperatives and with co-ops characterised by a high disparity in skill and education among their membership, as is the case in co-ops in developing countries Further, these conceptual tools allow one to expand and modify the continuum of organisational forms as presented by Rothschild and Whitt (1986 71) The strength of this conceptual framework is that the locus of authority is still ultimately based in the organisation-membership as a whole - a central requirement for democratic organisation

In similar vein to Rothschild and Whitt (1986), Abell (1981) also focuses exclusively on the democratic goal of organisations He does, however, present a more realistic view For the purposes of this work Abell's (1981) principles of democratic organisation are used as guidelines for cooperative organisation In this regard, degrees of democratic organisation within the co-ops studied and indications to increasing democratisation in these enterprises are evaluated against these principles

Having dealt with conceptual issues of democratic organisation, I move on to more specific, practical issues Bernstein's (1976, 1983) ***minimally necessary conditions*** for effective participatory democratisation provide a good starting point and offer concrete conditions to be tested empirically

2.5 Bernstein (1976, 1983) - Minimally Necessary Conditions for Effective Participatory Democratisation

Bernstein (1976, 1983) attempts to build a model of the internal political dynamics of workplace democratisation 'political' referring to questions of authority, decision-making, worker and management rights, and access to power (1983 10) His work is based on the practical experiences of several economically viable enterprises engaged in varied degrees of worker participation in decision-making The model he provides consists of six minimally necessary conditions for effective participatory democratisation necessary not only individually but as a combination of elements One of Bernstein's major findings is that "[a]ny empirical case of workplace democratisation with less than this minimal group [of conditions] failed to sustain itself for more than a few years" (1976 498) These conditions are

(a) participation in decision-making, whether direct or by elected representation,
(b) full-sharing with employees of management level information and, to an increasing extent, management level expertise,
(c) an independent board of appeal in case of disputes (composed of peers as far as possible),
(d) a particular set of attitudes and values (type of consciousness),
(e) guaranteed individual rights (corresponding, it turns out, to the basic political liberties) and
(f) frequent feedback of economic results to all employees (in the form of money, not just information) (1983 9)

I proceed to discuss each of these conditions in turn

2.5.1 Participation in Decision-Making

Bernstein (1983) argues that various degrees of worker participation can be distinguished along three dimensions
(a) the ***degree*** of control employees enjoy over any single decision,
(b) the ***issues*** over which that control is exercised, and
(c) the organisational ***level*** at which it is exercised (1983 47)

Further, there is a continuum of degrees of participative decision making ranging from a suggestion box to joint management and through to self-management (1983 48) These varying degrees of participative decision making relate to the extent to which workers have control of decisions For example, the suggestion box technique allows workers no control over any decisions while in self-management workers enjoy full control over all decisions The kinds of issues over which workers have control, that is, the scope of their participation, can range from their immediate work-situation through the functions of the enterprise to the major policy-making and goal-setting activities of the enterprise (1983 52, 53)

The organisational level at which workers exercise such control, that is, the domain of their participation, can range from control at shopfloor level to the level of the board of directors of the enterprise (1983 54)

The author's view of degrees of participation along a continuum is in line with his view of workplace democratisation as a dynamic process of transformation toward greater democracy (1983 4)

2.5.2 Sharing Information

The author argues that sharing technical and economic information of the enterprise is a further condition for democratisation

*firms committed to democratisation **actively** establish mechanisms to keep all participants informed and to assist their utilisation of this information" (1976 499) (emphasis added)*

Such mechanisms include the distribution of written reports on the performance of each department and on the state of the whole enterprise, among others This refers to ***availability*** of information Just as important a factor, however, is the participants' ability to deal with the necessary information (1976 499) This points to the need for special training to preface and/or accompany any consciously implemented plan of democratisation Referring to the USA, he notes that outside of on-the-job training, changes within the basic educational system is probably necessary to facilitate workplace democratization Furthermore, he argues that the experience of democratisation itself can develop participants' abilities to understand and utilise the required information The success of this process in any specific case depends partially on the degree of commitment among workers' leaders and the firm's managers to developing all participants' business expertise and participatory skills (1976 499, 500)

2.5.3 Independent Judiciary

An independent judicial procedure is necessary when dealing with participants' disagreements with the implementation of decisions made collectively Such a procedure has three functions
(a) the settlement of infringements on rules in a just manner,
(b) upholding the basic political rights of participants and
(c) protecting the constitution of the firm from violation by any member, manager or managed

The fulfilment of these functions requires that the judicial system be independent of all parties in the firm It is, further, important that this impartiality be real in the eyes of the managed and that they have the last say over matters in order to promote their confidence in the fairness of the system Such advanced forms of democratisation are still rare Among the most common sanctions applied in democratic firms are warnings and temporary suspensions from privileges, with expulsion being a last resort (1976 504)

2.5.4 A Participatory Democratic Consciousness

Practical experiences of democratisation indicate that particular attitudes and values are necessary for effective participation by both those who work and those who manage in the joint operation of an enterprise In this regard, certain traits function together to equip participants with an ability to formulate policy and a capacity to resist manipulation The major traits include receptivity to new ideas, self-reliance, a capacity to compromise, a

questioning mind, an ability to think critically, an ability to conceptualise differences between means and ends, an expectation of multiple causation, and an ability to actively organise (1976 505, 506)

Furthermore, in addition to the above-mentioned traits adequate for the general membership of a firm, those in leadership and/or management positions require specific traits These include egalitarian values, reciprocity, an awareness of own fallibility, leading and managing on the basis of merit, explanation, and the consent of the general membership, confidence in fellow participants and a willingness to listen and to delegate responsibility, and a policy of educating the general membership and providing open access to information (1976 508)

In sum, the consciousness of those in leadership positions in a participatory-democratic firm must be that of leaders "not only [as] decision makers, but also ***educators***, not only managers but also ***democratisers*** (ibid 507) Thus, the responsibility of leaders and managers in such firms "is not only to accomplish the economic task of the enterprise but also to develop the participants' ability to be more democratic" (ibid) This is best achieved through the daily behaviour of the leaders and managers through their interaction with the rest of the general members with reference to both mundane manual and general policy tasks (ibid)

The traits mentioned above represent tendencies toward which people actively involved in the self-management of their enterprise have been seen to develop (1983 93) In cases where both the managed and the managers have developed a democratic consciousness, that is, a consciousness comprising the relevant traits, the quality of relations in the firm can be said to be more cooperative' than those prevalent in conventional enterprises Cooperation, however, does not imply the absence of conflict Instead, it reduces conflict polarised into capitalists and workers interests (1983 100)

2.5.5 Guaranteed Individual Rights

Practical examples of attempts at workplace democratisation indicate that beyond the need for participants to have access to firm information and an ability to use it, they must be protected against retaliation for using the information to criticise current and/or proposed policy Such protection must be absolute, agreed upon by both managers and the managed, and guaranteed in writing with the ultimate guarantor of these rights being the managed (1983 79, 80) In addition, they must be free to differ with fellow participants on current issues (1976 501) Further, a system of participatory democracy must be supported by all rights commonly associated with political democracy freedom of speech and assembly, petition of grievances, secret balloting, due process and the right to file appeal in cases of discipline, immunity of rank-and-file representatives from dismissal or transfer while in office, and a written constitution

alterable only by a majority or two-thirds vote of the collective (1976 502)

This system of rights is both politically necessary for the participants and "cybernetically valuable" (1976 502) for the enterprise as a whole For instance, free speech does not just protect individuals, it also provides the enterprise with a diversity of views regarding its performance (ibid) These rights also imply the right of worker-members to form or belong to a trade union

2.5.6 Guaranteed Return from the Surplus

Considering that people generally take on employment in order to receive income, it is not unusual for them to demand a share in any surplus produced when participation results in higher productivity Irrespective of the form of this return beyond wages - whether as individual annual bonuses or a collective requirement, for example, a creche - certain guidelines need to be followed if it is to support the democratisation process Considering that such return has particular motivating effects on participants the guidelines are significant

Firstly, "the return ***must be directly related to what the [members] themselves have produced and can control***" (1976 510) Secondly, it must belong to the members by right If such return is allocated arbitrarily, it can be manipulative and paternalistic, in this way reducing the values of reciprocity and responsibility crucial to participatory democracy Thirdly, such return from the surplus must be made to the whole group of participants, including managers Rewarding the group as a whole promotes and strengthens group solidarity On the contrary, individual rewards divide workers on the basis of competition and bolster the manager-worker division (1983 64) Group rewards also help worker- and manager-members to see that they are dependent on one another for future income, hereby facilitating the convergence of management and worker goals (1983 67)

Fourthly, this economic return must be separate from the basic remuneration This is necessary because return on the surplus fluctuates with the performance of the firm and thus provides feedback from changing productivity and profits If such fluctuations "fall ***above*** a secure, guaranteed level of income, then the return can retain all its reinforcing aspects for democratisation" (1976 511) Fifthly, the return has an important function, beyond its monetary character, as an "informational feedback" (ibid) If the return is allocated frequently, that is, monthly or quarterly, it informs participants of the immediate results of their efforts Thus, when the surplus declines, it is a signal to look for problems causing this, when it rises, it indicates the relative success of their joint effort (1976 511)

2.5.7 Ownership

Bernstein's (1976) analysis of empirical cases indicates that formal ownership can facilitate democratisation but is not absolutely necessary On the other hand, there are entirely worker-owned firms which lack democracy These findings question the common assumption that private ownership must first be abolished before workers' power can increase (p 512)

The concept of ownership involves a package of rights and functions

> *legal title to property, control over how that property is to be used (that is, its management), the right to dispose of that property, and first claim on any income accrued through use of that property (such as profits from production) (1976 512)*

Two of the six conditions identified by Bernstein (1976) as minimally necessary for democratisation contain rights conventionally reserved to owners The first condition, participation in decision-making, makes an inroad into the ***owner's*** right to ***manage*** the firm at his/her sole discretion, and the condition of economic return on the surplus violates the owner's right to have ***first claim on the surplus*** Among various forms of non-private ownership are nationalisation, worker take-overs through purchasing a firm, community ownership through the state, employee shared ownership, individuated common ownership, and collective common ownership

In addition to identifying the above necessary conditions for effective participatory democratisation, Bernstein (1983) points to possible problems with some of these conditions and offers possible solutions I now turn to these problems and solutions

2.5.8 Necessary Conditions: Problems and Solutions

In relation to sharing technical and economic information, Bernstein (1976) raises potential problems with the practical implementation of this condition and suggests possible solutions Among these are the problem of industrial secrecy assuming that workers' control is implemented in a market economy, firms may need to prevent certain technical information and future financial plans from being available to other firms in order to retain a competitive advantage A possible solution is for management to suggest what should be withheld and for workers to have ultimate power to release such information

A further problem is a reluctance on the part of managers to abandon their former habits of prerogative and secrecy The author notes that "[t]his is especially likely in the early stages of democratization when old habits and fears are still governing a great deal of managers (and others') behaviour" (1976 500) Part of the solution, he notes, "lies in the

consciousness of those occupying managerial posts" (ibid) Another problem is that of "managers' continually greater expertise on certain issues in contrast to the managed, even when full information is provided" (1976 501) In this regard, the author notes the inevitability of this situation as a result of the division of labour and time required in complex organisations

Possible solutions to this are (a) rotation of managerial posts, (b) a workers' council (political structure) superior to specialised managers in organisational hierarchy and comprising members with expertise almost equivalent to that of the managers, but who continue to work on the shopfloor, and (c) the employment, by the managed, of expert staff of their own to advise on matters where full-time managers have greater expertise (1976 501)

Bernstein (1983 102) further points to possible tensions within a participatory democratic consciousness One of these is the tension between maximising economic goals on the one hand, and maximising democratic goals on the other He further notes that the managed must have an understanding of democracy and must be sufficiently active in calling their managers to account if democratisation is to survive in an enterprise (1983 103) With reference to the development of a participatory or democratic consciousness among both managers and the managed, "the experience of participation" (Pateman, 1970 cf Bernstein, 1983 106) can begin this process

The maintenance of such a consciousness requires that participatory-democratic behaviour be reinforced in practice Such reinforcement or, on the other hand, the erosion of the process of gaining a democratic consciousness, can be influenced by external factors such as the dominant culture in the society, the ideology underlying the education system, and the natures of the technology employed and the labour process engaged in the enterprise concerned (Bernstein, 1983 106,107) For example,

Blauner found that craft industries (like printing) and continuous-process work (like petro-chemical operations) are conducive to participatory consciousness On the other hand, machine-tending jobs and assembly-line work tend to breed attitudes of cynicism, low self-esteem, and fear - attitudes which would inhibit the worker from taking part in democratisation (Blauner, 1964, cf Bernstein, 1983 107)

In addition Bernstein (1983 503) notes that one of the key problems with the implementation of members' guaranteed individual rights is the conflict between individual and collective rights, and the difficulty with finding a careful balance between these principles One means of finding such a balance is a supporting system of adjudication, one of the necessary conditions for democratisation mentioned in the section above

With regard to ownership, Bernstein (1983) states that whatever the form of non-private ownership, consideration of its effect on the economy as a whole and the well-being of the general population is important In this regard the state may be involved "to assure regulation of the firms in the interest of the overall good But too great an accumulation of economic control in the hands of the state can lead to inequities and injustices The

other extreme - little or no state control over worker-owned firms - can create parochialism or enterprise selfishness, as Yugoslavia has noticed Also in a purely market run economy, development may become imbalanced" (1983 514) The integration of "intrafirm aspects of worker participation in management with the macroeconomic questions of planning, market, and social role of the enterprise" (1983 515) is thus important This subject is, however, beyond the scope of this work

Bernstein's (1983) necessary conditions for participatory democratisation as well as the problems with implementing some of these conditions are significant for this work One of the tasks of this dissertation is to examine the extent to which these conditions exist within the co-ops studied This entails identifying both the conditions present and those absent in these co-ops Such an examination will enable one to evaluate the possibility of these co ops developing into sustained and effective participatory democratic organisations A further task is to identify the problems experienced by each of the enterprises studied in its attempts, if any, to implement any one of the necessary conditions highlighted by Bernstein (1983)

When considering democratisation and organisational development as ***processes***, it is questionable whether ***all*** Bernstein's conditions are ***necessary at one time*** in order for an organisation to be participatory and democratic in the long term This questions whether Bernstein's necessary conditions are ***minimal*** or ***maximal***

2.6 Brecker (1988) - Theoretical Insights on Cooperative Development as a Process

Thus far I have focussed on theories of democratic organisation based on cooperative experiences in advanced industrial society These theories have been concerned mainly with models of, and principles and conditions for participatory democracy Here I shift to Brecker's (1988) theoretical insights on cooperative development as a process involving various stages development Unlike the previous theorists dealt with in the literature review, Brecker's insights are based on cooperative experiences in Zimbabwe, a developing society These insights are valuable to the examination of co op development as a process Here I give an exposition of Brecker's contribution in this regard In the conclusion I show how these insights are enhanced by the empirical work for this dissertation

Brecker (1988) notes that it is

> *a mistaken belief that cooperatives, if given an equal chance, will in general grow at a more or less even pace (like a slowly rising plateau), rather no two co-ops are the same and they grow at different paces require different levels of inputs, and reach "take off" at different times (1988 7)*

His view is that cooperative development is a process involving different stages and likens these to stages in the educational system He refers to

> *the need for separate primary, secondary, and later, university educational institutions, or specialist institutions and polytechnics each with their own clientele and very special packages (1988 9)*

In this regard, he argues that

> *[m]uch harm has, and will continue to be done, to the cooperative movement by those who refuse to recognise the realities of categories and transitional stages in the development of cooperatives (1988 9)*

Significantly, Brecker (1988) also notes that conceptualising cooperative development as a process involving stages has key implications for the kinds of services to be provided for co-ops at different stages of development He identifies four such stages
(a) the pre-cooperative stage,
(b) the non-viable or start-up stage,
(c) the potentially viable stage and
(d) the fully-fledged cooperative stage

He also briefly outlines the specific kinds of services required by co-ops at different stages I proceed to outline his ideas

2.6.1 The Pre-Cooperative Stage

Brecker (1988 7) defines a pre-cooperative as follows
a group in the early stages of basic cohesion, still primarily individual producers, and therefore only capable of cooperative production on a small scale (1988 7)

He argues that
(a) pre-cooperatives require very basic training in cooperative ideology and practice,
(b) such enterprises also require basic skills training and skills provision,
(c) financially, such enterprises require aid and soft loans with which to slowly begin to expand their production (Brecker, 1988 8)

Furthermore, according to Brecker (1988 8), this early stage of cooperative development often entails a shift from individual or family production to collective or cooperative production

Such enterprises, he argues, should be serviced by agencies who channel donor aid towards nurturing pre-cooperatives He emphasises that this should be done in ways that do not breed dependency and undermine viability (1988 8)

2.6.2 The Non-Viable Stage

Brecker (1988 8) defines what is commonly known as start-up co-ops as enterprises in the non-viable stage of development In general, these co-ops are characterised by insufficient management skills and material resources in the form of assets and reserves In addition, they have not yet "sufficiently consolidated their production structures" (1988 8) For these reasons, such co ops are characterised by subsistence levels of income Such enterprises are "not yet capable of generating a surplus sufficient to both sustain members and reinvest in expanded production [n]or [are they] capable of adequate planning towards this end (1988 8)

For Brecker, non-viable co-ops require different kinds of support from pre cooperatives Such co-ops, he argues, require assistance in (a) sustaining their members during economic crises, (b) skills training and (c) establishing credit-worthiness He further argues that providing such assistance is a delicate task requiring specialised attention to assist them [non viable co ops] in the transition from subsistence to market production (1988 8)

2.6.3 The Potentially-Viable Stage

According to Brecker (1988 8) cooperatives at this stage of development have overcome the basic weaknesses of pre cooperatives and non viable co-ops He argues that potentially viable co ops are more capable of planning towards producing a surplus because these enterprises have established a minimum level of management capability and of organisational and production structures required to achieve sufficient surplus from planned productive activity

Such enterprises are actively engaged in production for the market The major problems facing potentially viable co-ops are related to enterprise growth and discrimination from conventional financial institutions This discrimination causes such co-ops to have difficulty in obtaining the necessary finance and technical assistance needed for development He argues that in many cases, the financial requirements of co-ops at this stage of development are outside the scope of individual service organisations and/or donor agencies (Brecker, 1988 8)

The author further argues that co ops at this stage of development need more specialised training and more sophisticated management skills These needs call for specialised services and support structures which are able to assist such co-ops in making their crucial transition into completely viable, fully-fledged cooperative enterprises (1988 9)

2.6.4 The Fully-Fledged Cooperative Stage

For Brecker (1988 9), cooperatives at this stage of development are capable of obtaining financial assistance on the open money market in the

form of credit, loans, and/or bank overdrafts. Such enterprises are profitable and economically viable in the long-term.

Brecker's insights with reference to cooperative development as a process are enlightening and useful for the purposes of analysis. His insights enhance and confirm existing theories on democratic organisation. In the light of (a) Rothschild and Whitt's (1986: 50) conceptualisation of PDOs as 'hybrids' along a continuum of degrees of democracy and (b) Bernstein's view of workplace democratisation as a dynamic process of transformation toward greater democracy (1983: 4), Brecker's (1988) identification of specific stages in cooperative development is well founded. Significantly, his argument that co-ops at specific stages of development require specific types of services and support is particularly enlightening.

CHAPTER 3

CONSTRAINTS, CONSCIOUSNESS AND SUPPORT STRUCTURES

3.1 Introduction

In practice, the ideal form of participatory democracy / cooperative organisation can only be approximated It cannot be attained in its entirety Moreover, from the history of cooperative organisation it is evident that once some form of PDO is established there are several obstacles to its survival This points to constraints on participatory democracy / cooperative organisation and to the need to reproduce or sustain such organisation

While constraints to cooperative development are often due to the circumstances in which PDOs arise and the environment in which they operate, they also derive from practices within the organisations themselves On the basis of these respective origins I focus on key 'external and 'internal' constraints for analytical purposes

The information in this chapter is drawn from the works of Rothschild and Whitt (1986 64 71), Gamson and Levin (1984), Cornforth (1989), and an ILO report on cooperatives (1988 ch 6) Rothschild and Whitt (1986) draw our attention to some constraints time, emotional intensity, non-democratic habits and values, environmental constraints and individual differences Gamson and Levin (1984) point to the absence of a common culture of democratic work, a lack of democratic norms for decision-making, and a lack of appropriate skills The work of these authors is based on empirical studies of co ops in the USA Cornforth (1989) draws on empirical studies of co ops in the UK, France, Italy, and Spain and focuses specifically on barriers to the formation and growth of such enterprises The ILO report, on the other hand, focuses on constraints specific to co-ops in East, Central and Southern Africa

3.2 External Constraints

3.2.1 The Marginality of Cooperative Sectors

Cornforth (1989 110, 114, 115) notes that in western industrialised countries today, cooperatives are being formed at a time when capital (in the form of financial and productive resources) is highly centralised, and when decisions about the allocation of capital are dominated by large corporations and the state In such a context, small enterprises such as co-ops are generally limited to sectors dominated by large firms or to sectors which serve fragmented and extremely competitive markets This limitation further restricts the ability of small firms to gain control over market conditions Moreover, opportunities to move out of the small business sector through enterprise growth are low considering that expanding small firms are often taken over by larger ones Like most small

businesses, then, co-ops are often formed in highly competitive, low capital intensive, and marginal sectors of the economy Consequently, their potential for growth is often thwarted

On the other hand, considering recent international developments in political economy, specifically, processes of informalisation and moves towards 'flexible specialisation' in the post-Fordist era, small-scale enterprises may very well occupy the centre stage in future economic development The concept 'flexible specialisation' refers to changes in the organisation of economies and production from Fordist mass production to the growth of economic activities and structures with organisational adaptability and technical innovativeness

Among the key features of 'flexible specialisation' are

a) a move away from rigid mass production of standardised goods on assembly lines using semi-skilled labour, towards a more craft-like tradition with emphasis on innovativeness, quality and adaptability and the production of diversified goods,

b) the flexible use of new technology and of labour,

c) a move away from specialised tasks and skills to multi-tasking and multi-skilling,

d) workers are given more responsibility and management becomes less hierarchical,

e) the growth of regional economies specialising in particular products and operating as integrated economic systems,

f) the placing of small firms at the centre of economic development,

g) an emphasis on the clustering of small firms, and

h) a shift in the attitude towards labour from labour as a cost to be minimised to labour as a resource whose potential should be maximised (Kaplinsky, 1990b 6, 7, Rogerson, 1991 18 - 20)

The argument is that small enterprises with flexible production techniques incorporating multi-skilling are more resilient to market changes than large, mass-scale, deskilled Fordist production techniques The seminal work on this subject is that by Piore and Sabel (1984)

3.2.2 Absence of Ideology of Democratic Organisation

Non-democratic habits and values are a further constraint on cooperative organisation These are embedded in people's previous experiences of organisation at school, at work, and at home in the context of a predominantly bureaucratic, capitalist, and patriarchal forms of social organisation In the case of cooperatives operating in such societies, cooperators' everyday experiences outside of work are, more often than not, contradictory to the way they ought to behave at work This disjuncture between the ideology of cooperative organisation and the context in which cooperatives exist makes it difficult to sustain cooperation thereby constraining the development of such forms of organisation

For any form of social organisation to function and survive, "there must exist a common set of norms, values, and expectations about

organisational functions and operations that are accepted by all or most of the members of that organisation" (Gamson and Levin, 1984 223) Unlike the well established ideology at work in conventional capitalist enterprises which is reinforced by institutions and practices beyond the workplace (school, family, media), the ideology necessary to sustain the democratic workplace is relatively undeveloped

To the extent that there is an ideology of democratic organisation, it is presented as a rejection of conventional forms of organisation and control Generally, such rejection is accompanied by an acceptance of broad, abstract notions of equality, democracy, and freedom There is as yet little concrete understanding of appropriate behavioural norms for democratic workplaces, leaving many such enterprises in a state of anomie As a result, PDOs are often unable to deal with behaviour destructive to their survival (Gamson and Levin, 1984 223-227)

3.2.3 Absence of an Appropriate Legal Structure

The lack of a facilitative legal framework within which co-ops can operate is a key constraint for co-ops in most countries With specific reference to East, Central, and Southern Africa, cooperative legislation is often inherited from colonial times and thus is generally outdated and irrelevant to the prevailing conditions and requirements of cooperative development in these regions Furthermore, the predominance of agricultural cooperatives in countries in these regions has resulted in legislation biased towards such enterprises and yet applied to all types of co-ops Like most legislation, cooperative laws are written in obscure language rendering them inaccessible to most African cooperators who, more often than not, are illiterate

In addition, the incongruence between cooperative legislation and its practical implementation on a daily basis is a further constraint to cooperative development Finally, such laws often stipulate conditions for registration of cooperative societies without considering economic viability as one such condition This often leads to the formation of co-ops with little or no chance of survival (ILO 1988 106, 107) The failure of such enterprises has contributed to the history of generally negative conceptions of co-ops among ex , and potential cooperators in these regions

With reference to Britain, Cornforth (1989 113) notes that the legal system concerning business is geared mainly to meet the requirements of conventional capitalist firms and is often unsuited to the needs of co-ops In addition, the main piece of co op legislation in Britain, the Industrial and Provident Societies Acts, is designed primarily to meet the requirements of friendly societies and consumer co-ops thereby excluding producer co-ops In this way, producer co-ops which are in the minority among cooperative enterprises are left with little or no legal support

3.2.4 Discrimination against Co-ops

The practices of conventional financial institutions generally do not cater for cooperative forms of organisation and the problems specific to them This often leads to the exclusion of co-ops from opportunities for financial support resulting in severe economic constraints to their development and growth And, often co-ops have to deal with conventional capitalist enterprises for supplies or sales transactions In the context of a competitive capitalist market and a predominantly capitalist environment the politics of dealing with such enterprises can constrain the development of a co-op For example, suppliers can delay and/or withhold supplies (Cornforth, 1989 113) This points to the vulnerability of co-ops in a hostile environment

3.3 Internal Constraints

3.3.1 Time

Drawing from their empirical work in collective organisations Rothschild and Whitt (1986 64, 65) note that democracy takes time and that this is one of its major constraints Often the large amount of time spent in meetings leaves little time for the tasks of the organisation This leads to inefficiency and hinders the process of reaching the objectives of the organisation

3.3.2 Absence of Democratic Structures, Norms, and Procedures

With specific reference to decision-making, Gamson and Levin (1984 230) note the lack of democratic norms and cooperators' lack of experience of such processes given the predominance of authoritarian forms of organisation in broader society They also note cooperators' limited experience with democratic organisation and the consequent absence of skills and knowledge necessary for effective democratic participation, for example, the productive use of meetings

The authors further point to an absence of structure in such organisations and a tendency to minimise the importance of administrative and managerial tasks This tendency is often manifested in managers' complaints that they have "responsibility without authority" (Gamson and Levin, 1984 233) Cornforth (1989 111) also notes that the ideology behind cooperation often leads co-ops to deny the legitimacy of management and to underestimate the value of management skills

In addition, Gamson and Levin (1984 231) point to the legitimate exercise of authority and obtaining accountability from members as common problems in democratic decision-making They note that while conventional forms of organisation are "usually relatively clear about who has responsibility for what [, d]emocratic work organisations can rarely make this claim" (Gamson and Levin, 1984 231) Part of this

problem lies in participants' confusion between responsibility and authority

In PDOs, the emphasis on minimising differences in power and influence often leads to a reluctance in giving legitimate authority to a specific position or individual(s) This lack of clarity, confusion and reluctance is linked with a general absence of structure in PDOs One of the consequences of these constraints is an unequal distribution of influence in favour of more articulate and better educated participants, and ineffective managerial practices (Gamson and Levin, 1984 232, 233)

3.3.3 Interpersonal Conflict

Rothschild and Whitt (1986 65) argue that, in the context of a collective characterised by face-to-face relationships and a need for consensus, intense conflict among members can constrain participatory / cooperative organisation The authors maintain that conflict "is a structurally induced, inherent cost of participatory democracy" (1986 66)

In my view, conflict becomes a constraint mainly when it is viewed as something negative and when there are no mechanisms to deal with it constructively With appropriate mechanisms for dealing with conflict and with a view of conflict as inevitable, but not necessarily negative, among humans with different ideas and interests, it does not have to be a major constraint to participation The reality lies somewhere inbetween, namely, that conflict can be potentially constructive or destructive Approaches of participants and mechanisms for resolving conflict tend to determine whether it will be constructive or destructive

Gamson and Levin (1984) support this view These authors view conflict as "a central feature of democratic decision making" (p 235) since participatory democracy is designed to allow for freedom of expression The question confronting democratic workplaces, however, is "how to treat such conflict as a normal part of the decision making process by using it in a productive way to explore and select among alternatives" (ibid) This question is raised in response to practices within co ops aimed at suppressing conflict Such practices derive from general conceptions in broader society of conflict as a negative phenomenon - essentially non conformist/deviant and uncooperative

Such conceptions and practices, however, are incompatible with democratic decision-making With freedom of expression as an essential feature of democracy, conflicting points of view are bound to become manifest The suppression of disagreements within the context of PDOs is more likely to be a constraint in the long run "Thus the goal of a democratic organisation should not be to suppress conflict, but to welcome it and use it productively [Hence it is] necessary to create a format in which conflict and its resolutions are ***expected*** [my emphasis] and can be addressed systematically" (Gamson and Levin, 1984 236)

This brings one back to the need for democratic organisational structures, norms, and procedures, specifically, the productive use of

meetings (Gamson and Levin, 1984 236) In close association with the productive use of conflict is the productive use of membership meetings In PDOs membership meetings represent the central locale for raising, addressing, and resolving problems confronting the organisation, and for decision-making Cooperators', unfortunately, often lack experience in utilising meetings to these ends Often an over-reliance on and ineffective use of meetings in PDOs engender irresolution, ('I cannot proceed unless I check with everyone'), apprehension, ('You can't proceed before consulting with the group'), and cynicism ('All we ever do is have meetings') (Gamson and Levin, 1984 237) The productive use of meetings entails planning an agenda, setting a time limit for addressing each item, and effective facilitation of the discussion (ibid)

3.3.4 Individual Differences in Skill and Experience

Individual differences among co-op members arise as a result of people's different skills, education, experience and knowledge Such differences often give rise to inequalities of influence within democratic organisations In such organisations, however, unequal influence based on expertise can be checked through the authority of the organisation as a whole Such influence based on more intangible attributes such as ability to articulate ideas and no fear of taking responsibility, however, is more difficult to check and tends to persist in PDOs when all participants are not equally competent (ibid)

3.3.5 Lack of Appropriate Skills

The constraint of inappropriate skills in most co-ops originates mainly in the reasons for their formation to secure employment in the face of firm closure, to provide employment in times of crisis, and to create a work environment based on democratic principles It is only by rare coincidence that co-ops end up with exactly the right combination of people skilled in the various tasks and activities they must perform (Gamson and Levin, 1984 238) This constraint is further reinforced by a general tendency among co-ops to disregard the need for skilled people This is especially prevalent with regard to managerial and administrative skills In addition, the general practice of pay parity in co-ops tends to make it difficult for such enterprises to attract people with appropriate skills Furthermore, co-ops often lack the resources to train existing members to fill positions requiring specific skills (ibid 239-241)

3.3.6 Finance

Some cooperative principles, for example, a limited return on capital (which restricts the rate of return on dividends and the increasing value of

shares), and shareholding restricted to members only, impose constraints on methods by which such enterprises can raise funds Consequently, most co-ops are forced to rely on loans and reinvested profits for the purposes of investment A dependence on loan finance usually results in high debts among most co-ops while it often takes a few years for small enterprises to reach the stage when profits are actually produced

Often co-op members are from the unemployed and thus have little or no money or assets against which bank loans can be secured This is one reason why co-ops start off with meagre capital structures Moreover, once co-ops begin to expand, difficulties in raising finance capital through issuing equity increase (Cornforth, 1989 110, 111) The initial under-capitalisation of most co-ops effectively excludes them from access to other forms of finance such as credit facilities and loan finance These factors hinder the development of co-ops as economic units

3.3.7 Internal Limits to Growth

Co-ops often indicate some ambivalence towards growth Commitments to democracy, and more specifically, direct democracy often lead co-ops to limit their size in order to facilitate decision-making processes (Cornforth, 1989 113) Often this commitment to direct democracy is the flipside of a rejection of hierarchy

The constraints discussed above point to the need for education on the operation and requirements of an economic enterprise, for example, why growth and financial soundness is indispensable Most of the constraints highlight the need for education for democracy/cooperation which embodies both the values and practices of democracy Furthermore, the importance of a support network in sustaining such values and practices, and in providing shared resources, services, ideas, training, and personnel also emerges from the above discussion Such networking is especially important in the face of a hostile socio-political and economic environment, both in terms of providing support and in terms of building a social force sufficiently powerful to challenge legal and other constraints

3.4 Education and Cooperative Organisation

3.4.1 Education and Competence

Szell (*et al*, 1989 v) in their collective work on the state and self-management in various countries, note that with the trend towards more participatory work environments has emerged the need to consider the issue of creating and maintaining education and competence sufficient for the purposes of sustained and viable democratic organisation Here I briefly address the role of education and competence in the advance of more democratic organisation

For the purposes of defining the concept 'education' as used here I refer to Motsumi's distinction between education and training (1988 3) He points out that training and education are not quite the same thing training involves acquiring saleable skills required for a specific task, for example, book-keeping, education, on the other hand, is more general and much broader than training and includes acquiring new knowledge especially about the context (economic, political, ideological) in which a co-op exists

The hypothetical example he cites is that of a cooperator who has not experienced going to the bank and thus does not know what s/he is supposed to do in a bank Once this cooperator, however, has been educated about banks and the services they offer, banks can become useful in his/her daily life (ibid) It is in this broad sense, both practical and theoretical, which I use the concept 'education'

With regard to 'competence' I refer to Heller's definition (1983, cf Avasthi, 1989 322) 'competence' includes skill, experience, know-how, and access to information

From the above definitions it is clear that education, competence, and training are intricately linked For it is "self-evident that competence is gained primarily through education, be it formal education or the self-education of direct experience and reflection" (Blyton, 1989 301)

3.4.2 Education: 'Political' Requisite for 'Real' Democracy

Writing on a few experiences of South African co-ops, Etkind (1989) notes that "[l]iteracy and numeracy are essential ***political*** questions - their absence attacks the very roots of democracy" (p 59) These roots are embedded in "the democratic self-determination of the producers themselves" (Wood, 1988 22 cf Etkind, 1989 59) Without such basic skills, "it may be possible to preserve the appearance of democracy but not its substance" (Etkind 1989 59) Furthermore, "[t]o fail to educate is to fail in the political task of a co-op" (Etkind, 1989 59)

In addition, it is my view that beyond the basic skills of literacy and numeracy, co-op members require conceptual skills in order to understand the interrelated functions of their enterprise Such skills are important in enabling cooperators to make informed decisions and to effectively challenge and control those to whom they may delegate certain tasks and decisions Moreover, depending on the political dynamics within a certain co-op, more educated and/or more competent co-op members can monopolise certain knowledge and information This would lead to a dependence on such members, in this way inhibiting the self-determination of others, and thus failing in the 'political task' of the enterprise Hence the central role of education and competence among all co-op members, alongside training in marketable skills

According to Szell (*et al*, 1989 12), self management is only possible with few experts, and in the context of a ***general level of competence among participants*** (emphasis added) which is maintained

through continued education, it is this maintained competence which facilitates effective control by participants

Thus "[t]he 'right consciousness' is not sufficient for participation, workers' control, and self-management' (ibid 12) Instead, a general level of competence in combination with the 'right consciousness' is necessary for effective cooperation Put differently, the subjective condition for cooperation - the 'right consciousness' - without the objective condition of a specific level of education, competence, and skill on the part of all the producers is insufficient for effective cooperation

3.4.3 The need for Continued Education

Vanek (1977), on the basis of his work on Yugoslavian self-management, supports the argument of Szell (*et al*, 1989) for ***continued*** education and points to some practical ways of implementing such continuity

Vanek (1977) emphasises the importance of continuous education throughout the existence of the firm even if it is in altered forms This gives new members a chance to learn the rules of the game and allows old members to remain in "continuing living contact with the enterprise" (p 23) This facilitates all members' constant contribution, through dialogue, to shaping the enterprise, and facilitates enterprise adaptation to change Continuous education is thus necessary for the continuity of the firm as an organisation

The Mondragon Group of Cooperatives based in the town of Mondragon, Spain provide a practical example of continuous education as perceived by Vanek These world famous cooperatives were initiated by the Catholic priest, Arizmendi, and a few of his engineering students Today these enterprises are supported by a set of schools for training, both technical and in the ethics of cooperation (Bradley and Gelb, 1983 12 14)

In sum, education is a political requisite for 'real' democracy Acquisition and effective use of education and competence among participants in democratic organisations has an important role in facilitating participants' control over fellow members endowed with specialised knowledge, and to whom specialised tasks are most likely to be delegated There is thus an important link between education, competence, and control

There is also an important link between education, competence, and effective decision-making, for education and competence are required if participants are to make informed decisions about their enterprise In addition, the ***continued*** education of participants in democratic organisations is necessary for the ***maintenance*** of control and effective decision-making Continued education also provides for continuity of skills and competence in an organisation, thereby indirectly contributing to the continuity of the organisation itself Alongside training, education and competence thus have a central role in sustained and viable democratic organisation

3.5 Experience and Cooperative Consciousness

Historically, cooperatives are formed in times of hardship and struggle There are intricately linked internal and external factors which contribute to the emergence of co-ops during times of struggle The external factor which predominantly leads to the formation of co-ops all over the world is mass unemployment This social phenomenon gives rise to internal reasons for the emergence of such enterprises, namely, personal hardship as a result of unemployment and a particular psychological condition induced by such hardship Bate and Carter (1986 60) refer to the ideas and actions which arise out of such psychological conditions caused by hardship as "ideational factors"

Bate and Carter (1986 60) give us some valuable insight into people's initial frame of reference to cooperation Writing on producer cooperatives in Britain, they argue that apart from environmental factors contributing to the emergence of cooperatives there seem to be "immediate and personal considerations" involved in people's decision to form or join a cooperative My experience in the field confirms these authors' observation that 'personal hardship' - unemployment, retrenchment, firm bankruptcy - is a recurring and underlying reason for the emergence of co-ops and for people's decision to join a co op Furthermore, the authors' concept of 'ideational' factors proves valuable in identifying factors which contributed to cooperators' predisposition to forming and joining the co-ops which form the basis of this study

The authors further argue that

> *Personal hardship may be one of the necessary conditions but it is not sufficient in itself, it is important to identify the particular psychological condition induced by hardship which may predispose people to choose the cooperative path (Bate and Carter, 1986 60)*

They claim that a variety of "ideational" factors are involved in people's predisposition to form or join a co-op (ibid 60) These factors can include (a) people's ideological commitment to particular political or religious beliefs which might find expression in their attempt to establish a form of work organisation which conforms more closely to those beliefs, (b) people's experience of alienation when engaged in traditional forms of work organisation, and/or (c) people's experience of a strike and/or retrenchment and the psychological effect of such experience upon those involved Whichever one of the aforementioned factors it may be, Bate and Carter state that

> *it is important to emphasise that 'ideational' is broader than 'ideological' cooperatives are by no means exclusively dominated by people committed, for example, to radical, anti-capitalist principles, or to some wider intellectual movement Bitterness, resentment, and insecurity are in themselves quite*

capable of exercising considerable influence over people's minds (1986 60)

'Experience' is thus an important factor shaping the consciousness of those involved in cooperative organisation More specifically, experiences in broader society previous to participation in a cooperative provide points of reference to cooperation at the micro-level (at the level of the firm) and shape the development of a cooperative consciousness at this level Such experiences or broad points of reference usually result in the definition of cooperation in terms of 'what it is not' On the other hand, over time, experiences of participation in a cooperative organisation which result in the success of such organisation provide the basis for the development of a cooperative consciousness, at the level of the workplace, defined in terms of 'what cooperation is'

With reference to cooperators' previous experience, actions and consciousness are limited by the socio-political and historical context in which they exist Cooperative consciousness at the enterprise level cannot develop simply through exhorting people to be cooperative People have to have experienced a successful co op (successful in terms of providing for their material needs) for them to come to fully accept a cooperative consciousness Simultaneously, in order for them to build a successful co-op, people need ***some*** frame of reference to cooperation Broader experiences are thus necessary in the initial conceptualisation of cooperation at work, while experiences specific to cooperation at the workplace are imperative in the formation of a cooperative consciousness at this level

Other authors on the broad subject of workplace democracy (Pateman, 1970, Bernstein, 1983, Gamson and Levin, 1984, Rothschild and Whitt, 1986, Greenberg, 1986) also emphasise the role of experience, practical and/or ideological, in the development of a cooperative ideology and consciousness Unlike my argument, which is workplace-specific, these authors, in particular Pateman (1970), argue that in the context of capitalist social relations people's experience of cooperation, participation, and democracy at the workplace serve as important learning grounds for such values and practices at a broader societal level

3.6 The Role of Support Structures in Cooperative Development

3.6.1 Importance of Support Structures

In the light of the range of economic, ideological, and organisational constraints faced by co-ops in capitalist society several authors (Cornforth, 1989, Rothschild and Whitt, 1986, Gamson and Levin, 1984, Greenberg, 1986, Thornley, 1981) point to the importance of a cooperative support network

Writing on co-ops in the UK, Cornforth (1989 122) argues that the development of a significant cooperative sector is only possible if it has its

own support structure to meet the sector's specific needs, to encourage mutual support among co-ops, and to facilitate the mobilisation of public and political support Rothschild and Whitt (1986 128) suggest that collective democratic organisations that maintain an identification and link with a broader social movement are less likely to lose sight of their original goals In the same vein Gamson and Levin (1984 243) note that networking among co-ops at both regional and national levels is an important means by which democratic workplaces can combine to share scarce resources, ideas, skilled personnel, and training programmes Writing on the Plywood Cooperatives in the USA, Greenberg (1986) concludes that

> *without powerful countervailing forces to the market mechanism [w]ithout a working class party a cooperative or egalitarian culture, a socialist ideology, a revolutionary movement, or a government committed to economic democracy [that is] without a conducive context, self-managed enterprises might well survive and prosper, but they are not likely to play a significant role within a movement for social change (p 168)*

Finally, Thornley (1981 108) concludes that cooperatives closely linked with trade union and cooperative movements, engaged in trade links beneficial to both supplier and customer, and which have developed an integrated structure of production and distribution have been generally more successful than those operating in isolation

In addition to this broad acknowledgement of the need for support networks, the empirical evidence provided by the experience of self-management in Yugoslavia, the kibbutzim in Israel, the Mondragon Cooperatives in Spain, the Scandinavian and Italian cooperative movements, and the Breman confederation of self-managed firms in the Netherlands reinforces the view that cooperative support structures are vital to the sustained success of cooperative enterprises

3.6.2 Possible Functions

Cornforth (1989 115) is one among few authors on the subject who goes beyond simply identifying the importance of support structures for co-ops He points to some possible functions of such structures and suggests that such functions can be divided into three main areas 'externally' directed functions aimed at improving the environment in which co-ops operate, functions directed 'internally' by providing services required by co-ops, and functions aimed at maintaining and extending the support structure itself

He argues that the first major externally directed function of support structures is to develop a strong worker cooperative movement with links to other social movements, the local community, and political organisations which share similar ideals The second function is to ensure

that co-ops are treated fairly and thus not discriminated against by other institutions such as banks and the state More specifically, in relation to the state, support structures ought to ensure that co-ops are treated fairly in legislation The third function is to promote the idea of cooperation in broader society (1989 116)

Among the internally directed services of support structures Cornforth (1989) highlights the provision of advice and assistance in the operation of cooperative enterprises to existing co-ops as well as to those in the process of formation The latter form of assistance is particularly important considering that most people forming co-ops are relatively inexperienced at operating their own business and at working in a cooperative setting A second important service is the identification of training needs in co-ops and ensuring that such needs are met Thirdly, support structures should encourage and facilitate links between co-ops in an attempt to centralise functions and, often scarce, resources

Examples of functions that can be effectively centralised in the material interests of co-ops are the purchase of raw materials, marketing finished products, and negotiating contracts Resources that can be centralised to this aim include financial resources and specialised skills such as accounting, market research, and so on The centralisation of such resources through networking among co-ops can be beneficial in providing protection from broader market forces A further major role of support structures is to examine trends in the broader economy in order to facilitate optimal market entry, product choice, and production decisions by co-ops

Finally, support structures should help provide suitable forms of finance for co-ops This entails enhancing access to conventional sources of finance such as those provided by banks and assisting in the development of a co-op bank through which such enterprises can use their own funds (Cornforth, 1989 116/7) The bank of the Mondragon Cooperatives, as well as the Cooperative Self-Finance Scheme (CSFS) in Zimbabwe are examples of cooperative organisations providing such services

In this work, the importance of support structures is acknowledged Our specific focus in this regard is on the implications of some of their functions and methods of support for cooperative development

3.6.3 Methods and Dilemmas of Providing Support

Cornforth (1989 118) further points to two basic methods or approaches to providing support to co-ops (1) the 'top-down' method, and (2) the 'bottom-up' method These constitute basic approaches towards 'development' and are commonly known among people in the field of development and/or community work This distinction refers to the nature of the relationship between the support structure and the co-op(s) receiving support

The key features of the 'top-down' method are (1) the idea of forming a co-op comes from the support structure, (2) the people involved in

providing support play a direct role in initiating and developing the enterprise and provide the absent skills, and (3) these initiators work with the leaders of the cooperative who eventually take over their role By contrast, the key features of the 'bottom-up' method are (1) the idea for forming a co op originates among the potential cooperators, (2) the role of those providing support is to facilitate and assist the cooperators in developing the skills required to run their enterprise, and (3) those providing support work with the entire group (not just the leaders) in the process of co-op development (Cornforth, 1989 118/9)

The predominant approach among those involved in development work in the UK is the 'bottom-up one It is argued by supporters of this approach that the success of a cooperative depends mainly on the commitment and involvement of its members based on their voluntary decision to embark on such a venture, and that success is unlikely among co-ops initiated by development workers Similarly, it is argued that developing democratic practices among cooperators is more difficult in a context where the development worker makes most major decisions (1989 119) The failure of several co-ops formed by 'top-down' methods has reinforced this view (Thornley, 1981 87)

In theory, this distinction between the desirable and less-desirable approach is useful in pointing to possible pitfalls in co-op development In practice, however, Cornforth (1989 119) rightly argues that it may not always be possible or desirable to uphold a purely 'bottom-up' approach Often in the context of immediate needs to create and/or secure employment, for example, in the case of worker take-overs, a direct role on the part of people in support structures in planning the development of a co op and negotiating with external agencies might be necessary In the light of this observation the dilemma facing support structures is thus to provide useful advice and assistance, without hijacking the initiative for forming the co-op from the potential cooperators and without fostering dependency on the part of the co-op This is in tandem with Szell's (1989 10, 11) suggestion that the intervention of outside experts be aimed at 'help for self help' in the context of a long-term, intensive relationship of confidence between the outside agency and those concerned

Aside from the practical difficulty of a purely 'bottom-up' approach, there are further problems with it One of these is that support structures tend to promote the idea of cooperation and then wait for groups to approach them for help This often leads to an *ad hoc* process of co-op development resulting in the formation of many small co-ops in a diverse range of sectors In addition, since support structures are often financed through public funds, particularly in the UK, they then feel obliged to service all these types of co-ops The formation of co-ops in a wide range of sectors in combination with the obligation on the part of support organisations, which often have limited resources, to help all those who request assistance often results in the formation of barely viable co-ops which are highly susceptible to changes in the economic climate and environment Cornforth (1989 120)

According to Cornforth (1989 120) 'the dilemma facing Cooperative Service Organisations (CSOs) in the UK is how to develop an integrated [cooperative] sector, which will require planning and coordination, given [the] small size [of co-ops] and [their] decentralisation and without incurring the problems associated with [the] 'top-down [approach to development]' He suggests some ways of resolving this dilemma (1) promotion of the idea of cooperation within selected, suitable, and viable sectors only, (2) building trading links between existing co ops concentrated in specific sectors, (3) building informal links between co ops on a social level, or concentrating such enterprises in particular areas in an attempt to develop mutual assistance and trading links, and (4) to institutionalise cooperation between co-ops through a contractual relationship between each co-op and their central bank as is the case with the co-ops in Mondragon, Spain (1989 120)

In addition to the 'top down' and 'bottom-up' methods of providing support, Cornforth (1989 121) points to decentralised and centralised methods The author notes that co-op support in the UK is highly decentralised This is mainly as a result of the predominant source of funding to CSOs coming from local government, and the effects of the 'bottom-up' approach highlighted immediately above The key advantage of decentralised support is the availability of support in a large number of areas and a wide range of industries The disadvantages, however, are that local CSOs seldom have sufficient staff, skills, and financial resources to help develop large co-ops Further, there are seldom sufficient co-ops in one sector in an area to develop an economically integrated sector More centralised support, such as regional support structures for the purposes of complementing the work of local CSOs is one way of resolving the deficiencies of decentralised support

In addition to the dilemmas facing CSOs on the basis of the methods they choose when providing support, such organisations face a further dilemma CSOs generally have to serve more than one set of interests With reference to the Mondragon co ops, for example, the bank has to serve the interests of the member co-ops as well as those of the community which invests in the co-ops In the UK CSOs which are funded by the government have to serve the interests of the co-ops as well as those of the state Often the interests of the parties concerned are contradictory leaving the CSO in a dilemma Furthermore, over time a conflict of interests may arise between already existing and potential co-ops In this regard, the resources of CSOs in terms of skills, staff, and finance need to increase with the growth of a co-op movement (Cornforth, 1989 121)

3.6.4 The State as a Support Structure

The extent to which the state supports and/or fosters cooperative development and the relationship developed between the state and co-ops varies extensively from society to society Rothschild and Whitt (1986 167) suggest that logically, the state can take four stands in relation to co-

ops: (1) it may attempt to repress co-ops, (2) it may be indifferent and inactive with regard to their development, (3) it may encourage and facilitate the formation of individual co-ops, or (4) it may be directly involved in forming and supporting such enterprises.

It is my view that each of these possible approaches on the part of the state to co-op development depend on the nature of the state itself, the history of political struggle in the society concerned, the level of industrial development and the extent to which the contradictions of such development have begun to be manifest, the balance of class forces, and the political strength of the co-op movement in relation to these forces.

At this point it is revealing to note examples of state support for co-ops and the benefits of such support to both the state and the co-ops concerned. I begin by looking at Thornley's (1981) work which deals briefly with the role of the state in relation to British co-ops in comparison to the situations in France and Italy. According to Thornley (1981: 130), most of the recently developed British co-ops, particularly those established in the mid- and late seventies, have received state aid in various forms. These include direct aid from the central government, aid from central government channelled through independent bodies promoting co-ops, and aid form local authorities. The author argues that as a result of this state assistance the number of co-ops in the UK has increased since 1980. Many of these recent ventures, however, have collapsed and those still in operation are not commercially sound.

Judging from Thornley's examination of the state's job creation programmes, among the unintended consequences of government support for co-ops has been the containment of possible resistance by unemployed workers through keeping them in touch with 'the disciplines of work' (Thornley, 1981: 114).

The author further argues that though state assistance to co-ops has been negligible in comparison with that given to private enterprises, it has been significant for the development of co-ops in Britain. Of the approximately 300 co-ops registered in 1980 more than 100 had received direct and indirect assistance from the state. Apparently the number of jobs created and/or saved because of state intervention reached 900 in total. This amount is equal to more than half of all the jobs created in co-ops since 1970.

Despite this increase in the number of jobs created, however, the author argues that the future of producer co-ops in Britain is very uncertain since state assistance to co-ops has been far too inadequate to enable them to be of any distinct and lasting value to economic development (1981: 111 - 130). She further notes that British co-ops have been highly dependent on state funds and have been supported by "the mechanism of pump-priming" (1981: 176). This mechanism has been used by the state in some cases to support commercially unsound enterprises, and can be perceived as a waste of financial resources. Despite some of the negative unintended consequences of state support, the author maintains that the future of the

British co-op movement depends heavily on continued state assistance (1981 174)

In support of her emphasis on the need for state assistance, Thornley (1981) points to the experiences of co-op movements in Italy and France In contrast to the situation in Britain, she notes, the state in France has supported co-ops as viable commercial enterprises rather than as part of job creation programmes This support has come in the form of the provision of markets for co-ops since 1888 for products and services essential to the economy This support in combination with the practice of giving state contracts to co ops, has been provided on the basis of the economic performance of the enterprises In addition, the French government has set up a co-op bank to provide more substantial sources of finance for both new and expanding co-ops Further, the central government has helped develop an effective legal, administrative, and financial framework within which co-ops can operate and has seldom provided direct financial aid to such enterprises This support has been a major factor in the success, survival, and growth of the co op movement in France Furthermore, the efficiency and reliability of these enterprises made them suitable for the provision of infrastructure for the economy houses, roads, bridges, and so on (Thornley, 1981 131-150)

With reference to Italy, the author highlights the fact that co-ops here have been supported by political parties since the last century The three major co-op federations in Italy are each closely linked to a different political party Though state support of co-ops in Italy has been more limited than in France, it has come in the form of loans on favourable terms to co ops and the provision a legal framework (Thornley, 1981 151-167)

Rothschild and Whitt (1986) draw our attention to the supportive political role of the Basque Nationalist Party, affiliated with the trade union movement of the region, in establishing a cooperative economy in Mondragon in the context of the Spanish Civil War The authors also point to the contradictory role of the Polish state in promoting co-ops for job creation and ultimately attempting to take control of them State control of the co-ops in Poland eventually led to members decreased motivation to work They further note the contradictory practices of the Khuomentang political party in China in the 1930s this party established several credit, agricultural, and producer co-ops in the 1930s until these enterprises began to threaten the economic position of the party s political support base - urban and rural property owners, on this note the party withdrew its support for co-ops and became antagonistic toward them (1986 172/3) From the historical experiences of state support for co-ops in France, Italy, Spain, Portugal, Poland, and China, Rothschild and Whitt (1986) conclude that

> *Both capitalist and socialist societies want to capture the economic benefits of cooperation, but they want to control it For the capitalist country, an economically vital cooperative sector would compete against private enterprise for the*

socialist country it would compete against state enterprise Because worker cooperatives are neither fish nor fowl, they can make both sides edgy At the same time, they cannot be rejected easily by either side (p 177)

Finally, the authors conclude that the role of the state in promoting co-ops can only be limited This is so since the experience of co ops in the countries studied (by Rothschild and Whitt, 1986) and elsewhere suggests that the democratic character of such enterprises can be maintained only if they are grass-roots formations The state can only facilitate their development through the provision of loans, contracts, start-up funds, technical advice, and/or tax incentives Co-ops themselves should build federations to provide each other with mutual support in their efforts towards self-help Considering that democratic control is an essential feature of cooperation outside agencies like governments, banks, unions, and/or service organisations have the potential to restrict the autonomy of a co-op and its members (1986 177)

While the formation of cooperatives in Western industrialised societies is linked specifically to the need for jobs, co-ops in developing countries have been given a somewhat broader function that of social and economic development In a report on cooperatives in East, Central, and Southern Africa the ILO (1988) notes that the role of governments in the promotion of co-ops and the relationship between the state and co ops is of fundamental importance in the African context In the light of a general recognition, especially among developing countries, of co-ops as instruments of social and economic development, particularly in the rural areas, co-op development has been incorporated as part of most national development programmes in the regions

According to ILO recommendations regarding co-ops in independent developing countries, governments in such countries ought to formulate and implement policy under which co-ops receive economic, financial, legal, technical, and other forms of aid and encouragement The reality, however, is that most countries in these regions indicate some level of state interference in co ops as opposed to encouragement Such interference ranges from open hostility, through indifference, to paternalism which often entails direct state involvement in the management, supervision, and control of such enterprises Moreover, economically unsuccessful co-ops are generally ignored and kept in operation artificially through large state subsidies A positive approach on the part of governments in these regions towards co-ops is apparently rare The Director-General of the ILO notes that

[t]here is ample evidence that cooperatives are becoming increasingly subject to government intervention and in some countries are completely controlled by the state the danger is that cooperatives may become a governmental instrument and not an instrument of self-help of the people

Indeed such control defeats the democratic principle on which cooperatives are based (ILO, 1988 20)

This is confirmed by the studies of Dominelli (1989) in Algeria, and Kamden (1989) in Cameroon Dominelli's (1989) work focuses on the impact of state intervention on workers' control in Algeria, referred to there as 'autogestion' This author concludes that

The state was responsible for curtailing the growth of autogestion by physically cutting its size, destroying working class organisation, and diverting resources to the petroleum sector Moreover, the bureaucratic structures it introduced through the 1972 Agrarian Reforms increased centralised control of the autogestion sector's activities at the expense of democratic decision-making by workers (1989· 297)

State control over co-ops in Africa is further confirmed by the work of Holmen (1990 39-48, 62) Holmen (1990 50-52), however, goes beyond identifying the reality of extensive state control of co-ops in Africa, and attempts to provide some reasons for such action on the part of the state These are located in the nature of the Third World' state which the author describes as overdeveloped and centralised Among these are external reasons the inheritance from the colonial period of already autocratic state institutions, the importance of external recognition at the time of liberation often linked to development aid, the effects on class formation (in the recipient country) of methods of providing aid, a heavy reliance on external financial support and advice, the emphasis on urbanisation, industrialisation, modernisation, the perception of a cooperative network as a suitable channel for development, and the resultant need for a bureaucracy to receive and utilise development aid

Internal reasons for the centralised nature of the state and its resultant control over co-ops, on the other hand, include the absence of an economically strong 'middle-class' and their resultant 'latching on' to the state bureaucracy for employment, the emphasis placed on making national development plans of symbolic rather than practical value, and often to attract foreign capital and to demonstrate (at the level of rhetoric) state legitimacy, and the perceived need to build a state as a means towards building a nation (Holmen, 1990 52/3)

It is these internal and external forces which contribute to the concentration of power and wealth on the one hand, and to the highly centralised form of the 'Third World' state (ibid 53, 54) Furthermore, this feature of the state in this context contributes to extensive state control of co ops as part of development programmes which fit into national development plans

In cases where some form of state support ***is*** rendered to co-ops in the East, Central, and Southern African regions, the state, apart from providing a legal framework within which co-ops can form and operate,

channels resources through ministries and/or departments for services to co-ops These include formulating development policies, providing education and training for department/ministry officials, budget preparation for co-ops, auditing, accounting, and management services, and in the case of the production of cash crops, central marketing authorities have been established Further services that governments may provide include the provision and/or improvement of rural infrastructures, agricultural extension services, supply of seeds and other inputs, banking services, and credit facilities Furthermore, governments can influence co-op development through their fiscal policy and foreign exchange regulations (ILO, 1988 19-21)

Considering the effects of increasing state intervention in co-ops in these regions on the one hand, and the importance of the services the state can provide to co-ops in the interests of their development, the relationship between the state and co-ops *is* a central issue I agree with Rothschild and Whitt (1986) that the role of the state can only be limited The experience of cooperatives in Africa as documented by Holmen (1990), Kamden (1989), and Dominelli (1989), shows that too much state involvement can smother co-ops All the state can really do as a support structure is to provide a context - legal, economic, and political - conducive to co-op development

CHAPTER 4

AN OVERVIEW OF COOPERATIVES IN SOUTH AFRICA IN THE 1980S

4.1 Introduction

The work by Ruiters (1993) is among the first attempts to address the history of black cooperative formation in South Africa He examines the relationship between social movement support networks and the formation and decline of cooperatives He notes that blacks have been engaged in cooperative activity since the first decade of the twentieth century with the earliest reference to such activity traced to Cape Town in 1909 (1993 95) His work points to the political content of cooperative formation in South Africa and the way in which weaknesses of political and other organisations supporting and initiating co-ops are often reflected in the co-ops themselves The latter tendency is also revealed in the case studies reviewed later in this dissertation

Ruiters (1993 352-362) periodises the upswings and downswings of cooperative activity in South Africa

(1) 1900-1930 is marked by low levels of cooperative activity,

(2) 1930-1955 is characterised by an upswing despite attempts by churches and the state to contain the politicisation of co-ops by limiting them to certain activities,

(3) 1950-1970 marks a decline in cooperative formation in tandem with the general decline in social movement activity during the 1960s,

(4) 1970-1984 features low levels of cooperative activity but the growth of a conceptualisation of co ops as political agents of transformation,

(5) 1984-1990 is characterised by an upswing in cooperative formation

The case studies in this dissertation are of cooperatives formed in the period 1980-1990 Among the authors on such activity in the 1980s are Philip (1988), Etkind (1989), Jaffee (1988; 1990), Lupton (1991) and Ruiters (1990, 1993) This revival of cooperative activity must be seen in the context of the history of political struggle against Apartheid in South Africa In this context, cooperatives cannot be seen simply as small businesses serving as means of survival for the unemployed and economically marginalised black population The history of widespread political resistance and mobilisation in South African during the 1970s and 1980s points to the political content of these enterprises

4.2 Reform, Repression and Resistance: 1970s and 1980s

After the 1960s era of repression and the resultant lull in political resistance, the 1976 Soweto uprising marked a turning-point in South African political history Swilling (in Frankel *et al*, 1988 1-12) periodises this history of the 1970s and 1980s into three phases

(1) 1976-9, marked by township resistance followed by repression in the context of internal conflicts within the state between pro-reform *verligtes* and more conservative, anti-reform *verkramptes*
(2) 1979-84, characterised by the beginnings of the state's contradictory policies of reform and repression, and popular resistance to these policies Among the initial reformist strategies were the Wiehahn recommendations for reform in labour relations and the complementary Riekert Commission recommendations on urbanisation policy The key aim of these strategies was to divide blacks into 'urban insiders' - those with permanent urban residence rights and the right to work in white urban areas - and 'rural outsiders' those who were resident in bantustans with temporary employment contracts and thus rightless and 'illegal' in white South Africa While the labour reforms attempted to exclude migrants from the right to form and join trade unions, the Riekert reforms implied stricter controls over the movement of Africans from rural to urban areas, but more mobility for those blacks with permanent urban residence rights and local representation for these residents in Black Local Authorities The national political rights of urban Africans were, however, restricted to their specified bantustans

Squatter movements and resistance to forced removals on the basis of 'illegal' residence contributed to the eventual failure of the Influx Control laws The resurgence of mass-based political mobilisation as shown in the formation of the United Democratic Front (UDF) in 1983 bore testimony to the extent of popular resistance to the state's reformist initiatives and its attempts to manipulate divisions among the black population for its own political ends The emergence of a strong democratically organised trade union movement and the formation of COSATU in 1985 was one manifestation of resistance to state attempts at dividing the black working class
(3) 1984-6, marked a multi dimensional crisis in the South African social formation This was clear from the widespread, mass-based popular resistance, deepening economic recession, political and economic isolation of South Africa, rising tensions between reformist and conservative wings of the state, increasing violence and poverty, and increasing repression as shown in the two states of emergency declared by the state in this period Although many organisations in the national resistance movement were weakened, they survived this repression

Price (1991 191, 192) points to the political manifestations and implications of this crisis He refers to this period as the 'insurrection" in the sense that state power was being nullified in the ungovernable black townships and a new structure of authority was taking its place He notes that the distinguishing feature of this period was that

> *multiple forms of mass resistance and protest interacted and reinforced each other Simultaneous waves of school boycotts, political strikes, consumer boycotts, rent strikes, and huge community rallies combined with escalating armed sabotage*

by the ANC and determined street battles by young comrades to turn protest and resistance into insurrection (ibid 193)

The new order born out of this insurrection was manifested in the growth of grass-roots based organisations of political leadership, for example, street committees and people's courts (ibid 202, 204, 209) Although this insurrectionary process was not free of political division and weaknesses, it did fundamentally challenge the reform process and white minority rule (ibid 216, 217) and brought the state to consider the political incorporation of blacks

4.3 Some Indicators of the Crisis

Much research has been done on empirical evidence of this crisis (Kaplan 1987, Cassim 1987, Innes 1986, Gelb 1991, Archer *et al* 1990, Lewis 1991) Among the indicators is the rise in unemployment from about 20 per cent in 1982 to approximately 30 per cent in the late 1980s Archer *et al* (1990 167, 171) note an increase in the estimated number of unemployed from 3,3 million in 1980 to 6,5 million in 1986 Lewis (1991 245) notes a 30 per cent estimate of unemployment in 1980 and a predicted estimate of 54 per cent by the year 2 000 Furthermore, Gelb (1991 1) notes estimates of inflation of over 13 per cent per annum in the 1980s

Among the general effects of the recession on the African working class were low real wages, rapidly increasing unemployment, and a decline in living standards (Keenan, 1984 137) Further, according to Cassim (1987 542), the crisis precipitated a high rate of insolvency among firms and decreased output in manufacturing These processes were associated with a long-term downswing in industrial employment and increasing overall unemployment in the economy The manufacturing sector in particular, the country's key generator of employment, indicated a net decline in employment From 1980 to 1986, just over 150 000 jobs were created in the formal sector while the labour force grew by about 1,5 million While 185 000 jobs were created in the public sector over this period, about 30 000 jobs were lost in the private sector Furthermore, the recession marked an increase in the trend towards economic concentration with small firms being merged with bigger ones (Kaplan, 1987 528) This process of rationalisation usually results in a loss of jobs making it difficult for the unemployed to find jobs and for those in jobs to hold onto them

4.4 Organising the Unemployed

In this context of growing structural unemployment, strong possibilities were opened for struggles within the working class between the employed, the ex-employed or retrenched, and the long-term unemployed Such struggles became real as the threat of unemployment and of almost immediate replacement with scab labour in the event of dismissal was

used to discipline the resistant labour force (Jaffee, 1986 58) It is in the light of such struggles that cooperatives became part of a strategy of organising and mobilising the unemployed as well as providing some source of income Trade union initiatives in this regard emerged around the mid-1980s Unemployed workers' committees were established by some unions These structures were usually organised around issues such as Unemployment Insurance Funds, social security, consumers' and producers' co ops, education, and skills development among other issues (Jaffee, 1986 63, SALB, 1987 36-38)

In 1987 organisations - from the Transvaal, the Western and Eastern Cape, and the Border region - involved in organising the unemployed met and agreed to establish the National Unemployed Workers' Coordinating Committee (NUWCC) (SALB, 1987 37) The NUWCC was later affiliated to COSATU who committed itself to the

> *systematic support of the recently formed National Unemployed Workers' Co-ordinating Committee to achieve a national organisation and build a cooperative movement that serves the interests of the working class (Resolution of the Second National Congress of Cosatu, cf Jaffee, 1988 3)*

According to Philip (1988), the strategies of unemployed workers' organisation were threefold

> *firstly, they blame[d] capitalist relations and the apartheid government for unemployment, and their long term solution to unemployment [was] to end apartheid and to build socialism, secondly their organisational priority [was] to find ways of creating jobs, and thirdly, they [saw] strategies around welfare, advice and provision of services as a way of building their organisational support and strength (1988 33)*

The author notes that among these organisations' strategies for job creation, were demands for a ban on overtime, a shorter working week - 40 hours, the public works campaign, and the establishment of cooperative enterprises (Philip, 1988 34)

Until the late 1980s and early 1990s, the strategies adopted by unemployed workers' organisations involved mainly ensuring preferential access to jobs for the ex-employed/retrenched rather than the creation of new jobs Although such strategies helped build the organisation of unemployed and foster unity between the organised unemployed and trade unions, they have not challenged unemployment (Philip, 1988 35) In the light of this reality, Philip notes that cooperatives have a potential role to play as means of creating jobs

To start a co-op, however, requires resources ranging from financial to technical, as well as organisational and administrative resources and also skills Often the lack of access to these resources and skills among the

unemployed makes it difficult to start a co-op Where the unemployed have been able to gain access to some of these generally scarce resources, further limitations have faced them, for example, production for a competitive market dominated by monopolies, lack of access to loan capital for the purposes of expansion, among other limitations This points to the intensity of the struggle among the long-term unemployed to both find and attempt to create jobs

4.5 The State and Cooperatives in South Africa

An appropriate starting point for an examination of the role of the state in urban-based co-ops in the 1980s would be to consider its role in relation to urban unregulated or 'informal' economic activity among blacks Considering that most co-ops are unregistered, unlicensed enterprises which do not pay tax and are not subject to government regulation, the inclusion of cooperatives among unregulated enterprises is justified

In the context of early urbanisation policies, the state's attitude to urban unregulated activity was repressive Changes in its urbanisation policy in the mid 1980s reflected a recognition of the permanence of some blacks resident in urban areas and of their need for employment and income through such activity Rogerson (1988 137) notes that until then, the majority of 'informal' operators faced repression in the face of attempts by national and local authorities to 'keep the cities beautiful' In the mid-1980s, however, state policy on the 'informal sector' shifted from repression to tolerance (1988 137)

The later 1980s marked a further shift in the state's attitude towards urban unregulated economic activity from mere tolerance to encouragement This was manifested in its privatisation and deregulation policies The former was aimed at promoting economic growth, reducing inflation, providing entrepreneurial opportunities, and promoting the small business sector The latter entailed the relaxation of regulations governing economic enterprises operating in the market Among the aims of these policies were the promotion of the 'informal sector' for the purposes of absorbing some of the unemployed in black communities

In an indirect way, the state's privatisation and deregulation policies and its relaxation of restrictions on black trading rights in the 1980s created some space for the emergence of cooperatives This easing of restrictions fitted into the position generally held among government circles at the time that the 'informal sector' had great potential as a source of income and employment, and as an alternative for welfare provision This view tended to portray the 'informal sector' as a cheap solution to South Africa's unemployment and welfare problems

Nattrass (1990 220) notes two key problems with this view firstly, it assumed that formal and informal small business sectors were able to create jobs on a substantial scale, and secondly, the use of this perspective was to justify and reduce the degree of unemployment in SA In this regard, people not engaged in formal employment were assumed to be

employed in the informal sector, rather than unemployed So, people engaged in informal economic activity as means of material survival were seen as employed, economically self sufficient, and thus fell outside of state responsibility for their welfare This was so irrespective of the reality of low wages and meagre economic returns which characterise the bulk of such economic activity in SA (ibid 220, 221) The average net monthly income for self-employed informal operators was recently estimated at R534 while the figure for employees in this sector was estimated at R342 (Central Statistical Services, 1990 44,45)

Nattrass (1990) notes that available evidence on the performance of small enterprises (both formal and informal) suggests a limited potential for employment opportunities and poor remuneration Dewar and Watson (1981, cf Nattrass, 1990 222), in their survey of the informal sector in Cape Town, found that only 4 per cent employed over 3 people Beavon and Rogerson (1982, cf Nattrass, 1990 222), found that a tiny minority of informal sector operators received incomes higher than the lowest wage scale in the formal sector As indicated later in this chapter, in the profile of and constraints faced by cooperatives, these limitations apply to cooperatives as well

In the light of the state's attitude towards the urban 'informal sector', its relationship with co-ops as unregulated enterprises has been mainly indirect There was no specific legislation or fiscal policy to support cooperatives Instead, related changes in the state's policy towards urbanisation and economic growth in the light of the economic and political crisis provided an increasingly more tolerant, rather than directly facilitative, context for urban unregulated activity, including cooperative activity

The lack of direct state involvement in cooperative development among the marginalised, mainly black, communities of SA can be attributed to the following reasons Firstly, the majority of cooperators and potential cooperators in SA are from among the black working class and the unemployed Until April, 1994 which marked the first democratic election in this country, the exclusion of blacks from political representation and the state's efforts to keep its responsibility for their welfare to the barest minimum, provides part of an explanation for its non-involvement in co-ops In addition, in the context of its promotion of the free enterprise system and its clearly articulated position that the private sector, and not the state, was first and foremost responsible for the creation of employment, state support for co-ops was contradictory

In the light of the latest political developments in South Africa, however, the scenario of indirect and /or non-existent state involvement sketched above is likely to change In addition, an increasing recognition of the importance of the 'informal' sector, including co-ops, in creating jobs for the unemployed, albeit in a very limited way, is likely to change state attitudes and policy towards such ventures Rogerson (1988, 1991) suggests that in the context of growing unemployment and ongoing debates about post-aparthied economy and society, the 'informal sector' has to

assume some priority on the future policy agenda Furthermore, the recognition of the importance of state supported co-ops by the African National Congress (ANC), points to some acknowledgement of a role for cooperatives in the future South African economy In this sense there are rays of hope for co-ops in the future

Following recent developments in thinking about 'informal sector' policy, both locally and internationally (Rogerson 1991, ILO 1991), and considering the severe constraints faced by co-ops in South Africa, a key task of the new state in SA in supporting such enterprises would be to develop and implement policies geared towards the provision of basic education, health, housing and other infrastructural services Without such assistance the majority of cooperators will be left destitute For the few co-ops who show some growth potential, future state assistance should be in the form of credit provision, technical and managerial training and improved support networks The existence of (a) already established service organisations and, more importantly, (b) the increasing involvement of trade unions in co-ops and (c) the increasing local involvement of the Southern African Cooperative Support Network (SACNET) could provide bases for the development of an institutional framework for channelling state support to co-ops

Furthermore, in the light of the beginnings of a post-Fordist era and moves towards 'flexible specialisaton', policy towards enabling economic development in this direction would emphasise programmes to encourage collective efficiency and innovation amongst integrated small firms, and to elicit state support in creating a favourable environment of such forms of production and economic organisation (Rogerson, 1991 21, 22) Considering the scarcity of all kinds of resources among co-ops, the idea of collective economic and entrepreneurial activity may be valuable for such enterprises

Rogerson (1991 18) suggests that 'flexible specialisation' is a special case of considerable relevance to developing policy approaches for the local 'informal' economy in the 1990s His optimism in this regard may be valid in terms of the need to foster economies of cooperation between and amongst firms With reference to skill adaptability and diversity, innovativeness, a higher degree of consent on the part of labour, and the need for less authoritative management, however, this optimism is somewhat shaky The relevance of 'flexible specialisation' for the South African 'informal' sector should be considered against the latter's background as a skill-starved refuge for the unemployed and marginalised, many of whom have been systematically prevented from developing technical and entrepreneurial skills

4.6 Types of Cooperatives in South Africa

There are two components to cooperative activity in South Africa (a) the agricultural marketing co-ops and consumers' co-ops established mainly among white farmers from as early as the 1890s with the sustained

development of marketing co ops since 1922 and, (b) producers' and consumers' co-ops established since the early 1900s among the marginalised population of SA, mainly blacks The first component of consumer co-ops was established mainly as means of relieving poverty among poor whites The marketing co-ops essentially provided mechanisms by which large white farmers secured a market by selling their goods at prices subsidised by government support

The second component, sometimes referred to as the 'progressive' co op movement, experienced a revival in the 1980s partly in response to growing unemployment and impoverishment in the face of the economic and socio political crisis in SA The case studies in this work are on producers' co ops in this era

It is important to note that many cooperatives, today considered to be part of the progressive co-op movement, started off essentially as self help groups and/or income generating projects This is especially the case in rural areas where churches with mission stations, for example, the Moravian and Catholic churches, were actively engaged in initiating such ventures In many instances self-help groups and/or income generating projects have developed into, or at least laid the basis for producer cooperatives It would be distorting to ignore the links between such groups and projects and the eventual emergence of cooperative productive activity in SA

There is no formally established progressive cooperative movement in SA today Instead, a diversity of producers' co ops at various stages of formation are scattered throughout the country Clusters of co-ops linked to service organisations and trade unions can be found in most provinces Since information about cooperative activity is as scattered as the co ops themselves, the following overview is by no means complete It does, however, give one an outline of key centres of co-op activity in the country

4.7 Clusters of Producer Cooperatives

4.7.1 Cooperatives Linked to Service Organisations

The Northern Transvaal

The vicinity of Elim in the Northern Transvaal has a network of producer cooperatives These enterprises emerged in the context of the state's homeland' policy, the resultant forced resettlement and removal of people, the process of impoverishment of the reserves, and a dependence, especially among women, on meagre and often irregular migrant remittances Income generating projects which later gave rise to a system of cooperative production, provided a means by which mainly women in the area were able to establish an economic base in the local community

Tlakeni Textiles Cooperative was among the first to be established in the Elim area and also the first producer cooperative to be registered in 1980 with the Department of Cooperatives in Pretoria The enterprises in

this network, namely, Tiakeni, Sasekisa, Twananani, and Thlari, are engaged in craft production They are linked to a support-collective for cooperative organisation, Itsidu, established in 1978/9, which receives some of its funding from donor agencies Collins (1990) provides an account of the history of co-op development and networking in this area She notes that the co-ops in this area are small-scale and although they have provided their members with regular incomes, these are generally very low serving mainly as supplementary income

The Eastern Cape

In the Eastern Cape, more specifically, Grahamstown, a cluster of about seven co-ops, involved mostly in handicrafts, is in operation at the Old Power Station Five of these are producers' co-ops, one is a milk buying co-op and the other, a cooperative management and marketing consultant for the producer groups, namely, Cooperative Development and Marketing (CDM) These enterprises have been in operation since 1984 (CDM 1988)

The Western Cape

In the Western Cape, groups of co-ops have been established mainly in the township and 'squatter' areas on the outskirts of Cape Town These are generally linked to service organisations funded by donor agencies. Some co-ops here are linked to the following service organisations the Quaker Peace Centre, Masizakhe, and the South African Labour and Development Research Unit (SALDRU) at the University of Cape Town In the late 1980s and early 1990s unemployed workers' organisations such as the Western Cape Unemployed Workers' Union (WECUWU) began to take an interest in supporting and initiating co-ops The majority of these co-ops are not economically viable

In Montagu, a town about 250 kilometres just north-east of Cape Town, a set of four co-ops, three of which are engaged in small-scale furniture manufacturing, and one involved in providing services to these producer co-ops, has been established These enterprises are linked to the Montagu and Ashton Gemeenskapsdiens (MAG), a community development organisation The producer co-ops in this area are potentially economically viable enterprises producing high quality goods for an exclusive market The case studies for this dissertation are drawn from these two sets of co-ops in the Western Cape (co-ops in the 'squatter' areas and in Montagu)

4.7.2 Cooperatives Linked to Trade-Unions

Some cooperatives emerged in the mid- and late-1980s in response to mass dismissals and retrenchments, for example, the Sarmcol Workers' Cooperatives (Sawco) and Zenzeleni in Natal, the National Union of Mineworkers' (NUM) co-ops in Phalaborwa, and Thusanang near Brits in the Transvaal These have been among the first such enterprises to be supported by trade unions in attempts to organise and mobilise the

unemployed The union involved in Sawco and Thusanang is the National Union of Metal Workers of SA (NUMSA, previously the Metal and Allied Workers Union (MAWU)), the National Union of Mineworkers (NUM) is involved in the establishment of co-ops in Phalaborwa, and the Amalgamated Clothing and Textile Workers' Union of South Africa (ACTWUSA), subsequently merged with the Garment and Allied Workers' Union (GAWU) to form the South African Clothing and Textiles Workers' Union (SACTWU), founded Zenzeleni

The Sarmcol Workers' Cooperatives

The Sarmcol Workers' Cooperatives (Sawco) are among the most well known in Natal These enterprises were initiated in November, 1985 during the course of the legal strike at BTR Sarmcol, in Howick, which started in May of that year The strike was in response to this British multi-national company s refusal to recognise the Metal and Allied Workers' Union (MAWU) The Sawco co-ops were formed to support the striking workers and their families, most of whom were part of the Mpophomeni community in Howick

Until the late 1980s this group of enterprises consisted of a T-shirt silk-screening co-op, one which provided health services to the local community, an agricultural co-op which provided food for the local community at reasonable prices, and for the purposes of supplementing strikers' food parcels supplied by the union, a buying co-op, and a cultural co-op involved in the production of plays depicting the strikers' struggles, and a choir

A key feature of the Sawco co-ops is their direct link to NUMSA The union raised the capital required to start the T-shirt co-op (the first of the Sawco co-ops) and owns the equipment The enterprises are structurally linked to the union they are represented on shop steward and local union branch structures A further unique feature of the co-ops is that they started essentially as strike-support mechanisms, not as job creation programmes Participation in the co-ops during the strike thus entailed voluntary work By the second half of 1987, however, the strikers heard that they had lost their case against the company in the Industrial Court This news marked the end of the strike and a shift in the objectives of the co-ops from strike-support to building economically viable enterprises (SALB 11/4, 1986, Philip 1988, Bernstein and Ross 1987)

By 1988, none of the Sawco co-ops were producing a surplus The T-shirt co-op provided workers with some form of subsistence while the agricultural and buying co-ops continued to supplement the provision of food Both the Sarmcol strike and the formation of the Sawco cooperatives have been relatively well documented Bonin (1987) is a key work on the strike itself while Philip (1988) is one of the first case-studies of the co ops She examines the historical development and difficulties of the enterprises (SALB 11/4, 1986, Philip 1988, Bernstein and Ross 1987)

With specific reference to Sawco, Philip (1988 140) concludes that the co-op's link to NUMSA provides an institutional barrier to its

degeneration into a capitalist enterprise because ownership of the means of production is vested in the union She further concludes that this link serves as a political barrier to degeneration by reinforcing co-op members' identification with the organised working class For Philip, this ownership structure anticipates a type of social ownership Ruiters (1993 251-263), however, points to the disadvantages of the relationship between Sawco and the union These include the mirroring of union structures in the cooperative which is a very different kind of organisation with different purposes and a dependency relationship with the union

Zenzeleni

In 1988 ACTWUSA discovered that Frame Group, the largest employer in the Southern African textile industry, intended to retrench three thousand workers from its workforce of twenty-two thousand These retrenchments were to take place over three years in response to rationalisation and restructuring processes in the local textile industry In the light of this retrenchment scheme, ACTWUSA negotiated an agreement with the management of the Frame Group to establish a job-creation project for the workers facing retrenchment Hence the formation of Zenzeleni in February, 1989

The Frame Group Company agreed to make available R2,5 million to the union for the establishment of Zenzeleni, essentially a union-owned and controlled cooperative This amount was later reduced to R1,4 million (Ruiters, 1993 277) The cooperative employs three hundred workers and is engaged in clothing manufacture, specifically, T-shirts for Cosatu affiliated unions and workwear such as overalls It is regarded as the largest co-op in both Natal and South Africa (Employment Law 1989, Cormack 1990, Workteam 1990, Lupton 1991)

Workteam (1990 6-10) points to some of the problems and struggles in the co-op around ownership and worker-management relations These relate mainly to the structure of the enterprise as union-owned and -controlled The co op's major supplier is Frame Group Furthermore, the enterprise has been running at a loss mainly because of a decline in the market, specifically the solidarity T-shirt market Among the strategies adopted by the enterprise in response to this market decline has been to obtain large tender contracts with Edgars and Anglo American Corporation among other enterprises

This strategy marked the co-op's entry into the clothing manufacturing market In turn, it had contradictory implications for Zenzeleni s relationship with the trade-union movement

> *an increase in the cooperative's share of the market heralded a decrease in that of its competitors, some of whom employed union members (Lupton, 1991 7)*

Lupton (1991 10) concludes that Zenzeleni's experience of close links with a trade-union raises concern about the role and extent of trade-union involvement in co-ops He argues that

> *[t]rade-unions, by virtue of their status as working class formations directed at struggling against capital and management, are placed in a contradictory situation when they become owners of the means of production For Zenzeleni, ownership clearly rests with the union and not with the worker members The possibility therefore exists for a divergence of interest between members of the cooperative and the union (1991 10)*

Furthermore, he concludes that Zenzeleni's experience presents a future government with the challenge of providing institutional support for co-ops (1991 10)

The National Union of Mineworkers' Cooperatives

According to Kate Philip, the projects coordinator for the NUM, this union helped ex-miners to start co-ops in the Northern Transvaal, the Transkei, Lesotho and Swaziland These workers were dismissed from Foskor after the mineworkers' strike in 1987

The most well documented of these enterprises is the Phalaborwa Workers' Cooperative (Pawco) which produces T-shirts This co-op was formed after battles between the residents of Namakgale and the police during the miners' strike Pawco started with fifty members in March 1988, almost three years after the dismissals Due to practical constraints such as skills and capital shortages, the co-op struggled to survive initially Operations improved after education workshops on the specific skills requirements of the co-op

> *Since the start of 1989, PAWCO has been financially self-sufficient, it has paid back the loans given by NUM, it has paid wages consistently, and the wage rates in the co-op have steadily increased Workers earned an average of R400 a month over the last five months, and were able to pay themselves a R1 000 Christmas bonus All 50 members ow work full-time (Philip 1990 (b))*

The NUM's support for co-ops is linked, firstly, to the need to develop a local economic base in the rural areas from which most of its membership is drawn The development of a local economic base is seen as necessary for creating jobs locally, in part, an attempt to lay the basis for halting the migrant labour system, historically the key feature of the South African mining industry Secondly, in the light of likely future mass retrenchments in the mining industry, and NUM's limited resources to deal with the resulting level of unemployment among its members, co-ops are a

potential form of job creation Philip notes that it is hoped that NUM's practical experience in building such models of job creation can provide a basis for policy formulation (Philip in Weekly Mail, 17-08-1990)

The NUM's policy on co-ops stresses the need for co-ops to develop into economically viable enterprises, capable of surviving in a market economy and providing their members with job security and regular incomes Philip notes that NUM co ops have already had some success in reaching this goal the Phalaborwa Workers T-shirt Printing Co-op (Pawco), with a membership of fifty people, has been able to pay better wages than the minimum in the mining industry, for more than a year (Philip· WM, 17-08-1990, SALB 14/7, 1990)

Thusanang

The Thusanang Cooperative was initiated in 1984 by the Unemployed Workers' Committee (UWC) in Brits, a decentralised industrial area about ninety kilometres north of Johannesburg. This Committee was formed in the aftermath of two strikes one at B&S Engineering and the other at Autocable The workers at both these factories were organised by the Metal and Allied Workers' Union (MAWU) at the time These strikes and the subsequent dismissal of the entire workforce at B&S are significant in understanding the workers' solidarity out of which the cooperative emerged MAWU challenged B&S in the industrial court and won the reinstatement of only 275 workers This victory was, however, short-lived as the company closed down one of its plants shortly afterwards, leaving most workers unemployed once again. In the light of this closure and the scarcity of jobs in the area these workers, still highly organised, decided to create their own work by forming the co-op (Jaffee 1987, 1988)

The co-op started with three production units a sewing co-op run by about fourteen women, a fencing co-op run by five men, and a brickmaking co-op, also operated by five men Most of the time these enterprises were unable to produce a surplus Among the major problems were a lack of starting and working capital, a limited local market for their products, lack of education and training and inappropriate technology (Jaffee 1987, 1988)

In the context of these problems, democratic organisation in the enterprises was being eroded One of the manifestations of this process was increased gender-based conflict among the members As a result, the production units separated within about eighteen months With a view towards expansion, the brickmaking enterprise employed casual labour at low rates of pay Jaffee (1988) provides a detailed analysis of this process of degeneration of the enterprise She attributes this degeneration partly to the breakdown in the relationship between the union and the workers engaged in these enterprises (1988 37)

The struggles and problems experienced by Thusanang are similar to those in most co-ops, both locally and internationally For Jaffee (1988 39), despite these problems, the experience of the Thusanang Cooperative suggests that in the context of extreme poverty, high unemployment,

limited social welfare, and oppressive formal work environments, co-ops can provide some benefits These include, firstly, enabling people to regain control over their lives through collective support, secondly, developing new skills, and thirdly, providing centres of debate about new forms of work organisation She further notes that union involvement in establishing co-ops for the unemployed can only be considered in the context of a union commitment to funding, skills training, political education and supportive services (1989 40)

This brief overview gives some indication of the types of cooperative activity among marginalised communities in SA during the 1980s The difficulties experienced by many of these enterprises and their high rate of failure has, however, meant a decline in co-op formation and initiation since 1990

4.8 A Profile of Producer Cooperatives in the 1980s

Philip (1988) attempts to provide a typology of producers' co-ops in SA (Philip 1988 161,162) Despite some omissions, the author provides a relatively comprehensive and useful list of the producers' co ops in SA, their productive activities, their age, membership size, and monthly income

The South African co-ops of the 1970s and '80s are embryonic in character By 1988 most of them were in operation for about four to six years Furthermore, there is little variation in the products of these enterprises Among the predominant activities are sewing and craft work involving mainly women There is a tendency of rapid formation accompanied by equally rapid collapse among sewing co-ops This pattern reflects a tendency for co-ops to be formed without prior market research or economic feasibility studies (Philip, 1988 79)

In addition, there is a variety of characteristic problems faced by sewing co-ops in SA Among the major ones are a very limited market and a reliance on domestic rather than industrial machines, adversely affecting viability and output, respectively The increasing number of sewing co-ops in the Western Cape is a reflection of processes of rationalisation and concentration in the clothing and textiles industry, resulting in mass retrenchments of female workers Members of sewing co-ops with experience in industrial clothing manufacture are generally at an advantage to those women who rely on their basic sewing skills They do, however, have to compete with both commercial prices and factory-shop prices, that is, shops which sell directly to the public at wholesale prices Furthermore, SA's clothing industry is highly competitive and exploitative leaving few sewing co-ops able to compete on the terms set by this industry (Philip, 1988 80)

Extremely tight competition in a limited market is thus a key factor contributing to the rapid collapse of sewing co-ops Nevertheless, sewing tends to constitute one of the predominant activities among co-ops in SA

The next most common activity is craft work While the majority of these enterprises are based in rural areas, their market is mainly urban-based With fashions constantly changing, marketing strategies of craft co-ops are often unreliable Furthermore, retailers often exploit producers by buying goods at very low prices and selling them at much higher prices In response to such practices, Self-Help Associates for Development Economics (SHADE) initiated the National Craft Association in 1984 This association has twenty nine affiliates and provides collective marketing services specifically for craft co-ops (Philip, 1988 81)

In addition to sewing and craftwork, other cooperative activities include brickmaking, fence-making, furniture manufacture, weaving, motor and mechanical repairs, spray-painting and panel-beating, silk screening on T-shirts, toy making, pottery, candle-making, and futon production There are also a number of burial societies and credit groups Among the oldest and well known credit unions is the Cape Credit Union League based in the Western Cape

The average monthly income in co ops as estimated by Philip (1988 146), is R144 monthly, with R280 representing the highest monthly income She estimates the average membership of co-ops in SA to be eleven people (ibid) This shows that co-ops provide jobs for only a fraction of the unemployed Most cooperatives in SA are dependent on external funding while very few have been able to provide their members with living wages Further, it is a common experience among co-operators in SA to receive irregular income For members this often means no income for periods of up to five months In the light of this evidence, a focus on the practical constraints facing such enterprises is in order

4.9 Practical Constraints

Here I draw on local case studies (of which there are only a few) and highlight the common problems and constraints faced by various co-ops The studies referred to include the works of Petre (1987), Bernstein (1987), Jaffee (1988), McIntosh and Friedman (1988), Philip (1988, 1990), Cormack (1990), Lupton (1991), and Collins (1990) A further key reference is the publication by Jaffee (1988)

Among the practical problems raised by these case studies are firstly, a severe shortage of financial resources, more specifically, starting capital, a lack of technical skills in general, and a specific lack of management skills Among managerial skills one can include entrepreneurial skills, marketing, costing, accounting, ordering goods, conducting meetings, among others Further constraints are difficulties in penetrating the market, illiteracy and innumeracy, disciplinary problems, a lack of cooperative consciousness, inappropriate technology, a weak competitive position in relation to conventional capitalist commercial, financial, and industrial enterprises, low productivity levels, and in some cases, a lack of organisational experience

These constraints are obstacles to the development of economically viable and democratic cooperative enterprises Their origins are embedded in the history and structure of South African society People most likely to form and/or join co-ops in SA are mainly from the economically and politically marginalised population, mainly blacks In general, these people do not have access to substantial financial resources and have been denied opportunities for education and training Among the implications of these constraints are a dependence on donor funding and a high failure rate among co-ops This confirms the limited potential of co-ops to alleviate unemployment through job creation

Philip (1988) examines this potential She notes that in the context of high levels of structural unemployment in SA and the immediate need for job creation, the NUWCC, the Congress of SA Trade Unions (COSATU), and the South African Youth Congress (SAYCO) have expressed support for the establishment of producers cooperatives as possible means to create jobs, and simultaneously, as mechanisms for providing forms of work organisation alternative to capitalist enterprises (1988 2)

The author concludes that the potential for co-ops to create jobs is contingent on their economic viability Her conclusion is based on evidence that none of the co-ops visited by her provided their members with a living wage, some provided irregular income for their members, and one was making a loss at the time She further concludes that this evidence, claimed as representative of the economic performance of co-ops in SA, indicates that such ventures have limited potential to provide alternative employment to wage-labour On this basis she notes that cooperatives in SA serve mainly as a means of survival and that the extent to which they can serve as survival mechanisms for the masses of unemployed in SA is debatable Her estimation of the average membership of co-ops as eleven people supports this conclusion (Philip, 1988 145, 146)

This limited potential is confirmed by the real experiences of the Sawco co-ops

> *But even when we had done all of this [set up several cooperative projects], Sawco involved only a small number of the strikers directly Even now, in 1988, there are about 80 members of Sawco compared with the number of strikers, which is 1 000 We realised that it is impossible to create employment for all the strikers - we do not have the resources From this experience we have understood that co-ops cannot be a solution to the problem of unemployment There are millions of unemployed people in SA Co-ops cannot create jobs for all of them, just as we could not create jobs for all our striking members (Dladla Chairperson of Sawco cf Jaffee 1988)*

In addition to these very specific practical constraints facing co-ops, the historical and socio-political context of their emergence stimulated a

focus on much broader issues One of these has been the debate about the role of co-ops in building socialism This debate occurred in the 1980s before the collapse of socialism in former Eastern Europe Philip (1988) and Etkind (1989) have dealt with this issue

4.10 Cooperatives and Socialism

Working class organisations in SA saw cooperatives as both a potential means for job-creation, and means for providing a democratic alternative to capitalist enterprises (Philip, 1988 2, Jaffee 1988, Speeches in Jaffee 1988)

> *Co ops are a transitional stage to socialism If you establish a co-op, in the long run it will topple capitalist industry (SA a member of the Soweto Local of the UWCC defining the role of co-ops in SA cf Philip 1988 68)*

Philip explores the potential for co-ops to fulfill these roles She rightly starts off on the assumption that "for co-ops to make any contribution at all, they have to be economically viable" (1988 2) A central theme of her work in this regard is that, in addition to being economically viable, co-ops with this particular political aim are more likely to make some contribution if they are directly linked to broader forms of democratic organisation in the society This theme is significant in the light of a general concern among the organised unemployed in SA that co-ops do not become ends in themselves, instead cooperators should continue to identify with a broader political programme (1988 4)

With reference to the potential of co-ops to contribute toward the process of transition to socialism in SA, Philip (1988 68) rightly points out that "democratic control of production in co-ops does not in itself pose a challenge to the maintenance of capitalist relations of production at a societal level, co-ops operate within the framework of those relations" A perception of co-ops as 'vanguards of a socialist strategy' (in Philip s terms) essentially ignores the fact that exploitation at work and unemployment is based on the maintenance of class relationships in broader society A transition to socialist relations of production thus requires processes of intense political struggle against class relations of domination in society as a whole, not merely at the point of production (1988 69)

In support of her argument, the author quotes England (1987)

> *Co-ops cannot solve the contradictions of the capitalist state - nor can they adequately pick up the pieces They cannot LEAD the struggle towards a socialist order But, in certain circumstances, they may have the capacity to contribute towards that struggle in a meaningful way (England, 1987 148 cited in Philip, 1988 69)*

The question which logically arises is the following In what ways can co-ops contribute to the political struggle in SA? In response, Philip (1988) suggests some such ways

Firstly, the author suggests that cooperative production can be the learning ground for democratically organised production and planning The latter are processes central to democratic socialism (SA Metal Worker cited in Philip, 1988 69) The real potential for co-ops to play this role depends, however, on various factors including the size of the co-operative movement (1988 70) Secondly, she argues that, the growth of a cooperative sector can provide an ideological frame of reference for the support of socialism

She further notes that co-ops may be the catalyst for the development of a socialist consciousness Here she refers to England (1987) who argues that this was the case in Zimbabwe, where both trade unions and political organisations were failing to lead the process of socialist transformation

Thirdly, drawing on the work of Thornley (1981), she suggests that "part of the role of co-ops is to defend the working class from the excesses of capitalism" (Thornley, 1981 157 cited in Philip, 1988 71) Co-ops are thus a potential defensive component of a broader political strategy towards strengthening working class organisation (Philip, 1988 71) Hence the importance of links between co-ops and broader progressive social movements and processes of democratisation in society

In sum, then, co-ops cannot challenge capitalist social relations at a broader societal level They have limited potential as weapons against the maintenance of these relations, and cannot lead a transition to socialism On the other hand

> *co ops can strengthen the potential of a broader socialist project by empowering workers, by building the skills needed for democratic control of production and planning, by prefiguring aspects of work organisation under socialism, and by defending the working class from some of the worst ravages of capitalism (Philip, 1988 72)*

Etkind (1989 54) supports Philip's (1988) conception of the role of co-ops in social transformation as limited He notes that the link between co-ops and socialism is only partial and that co-ops are not merely a microcosm of socialist society Furthermore, he correctly points out that

> *co ops are isolated units of production and service which have a negligible impact on society or the economy as a whole (Etkind, 1989 54)*

The author further argues that co-ops, through their struggle to build the material conditions for real workers' control of the production process, provide important practical experiences from which political lessons about

the process and relations of production can be drawn. It is these lessons, he suggests, that are able to link co-ops to the broader class struggle in SA. He pertinently points out, however, that these lessons are not automatically learnt. Instead, drawing out political lessons from the practical experiences of co-ops requires "conscious political agency" (ibid.: 52).

In the light of (a) increasing local experience of the limited potential of cooperatives as vehicles of social transformation; (b) local experience of the contradictions involved in engaging in successful cooperative activity in the context of competition with capitalist firms (Workteam 10, 1990: 10); (c) developments in former Eastern Europe since 1989 and subsequent debates about the 'collapse' of socialism and (d) the new political climate in South Africa, working class organisations here may come to see socialism and the role of co-ops in transition differently. These debates are, however, beyond the subject of this dissertation.

4.11 The Emergence of Service Organisations

The increasing emergence of cooperatives over the last decade has been accompanied by the emergence of service organisations involved in both initiating new cooperative enterprises and providing support and services to already existing ones. The activities of such organisations encompass various services: acquiring funds for cooperatives; providing technical, educational, and managerial assistance; assisting in the marketing of products; and facilitating links with other cooperative enterprises and service organisations.

A wide range of organisations support and initiate cooperatives: working class organisations for example, NUWCC and COSATU, and trade unions such as NUM and NUMSA, grass roots community organisations, organisations promoting black business development (for example, the Small Business Development Corporation (SBDC)), multinationals (such as Shell and Mobil), foreign embassies, development agencies, and progressive service groups often comprised of intellectuals with close links to grass roots community structures. The goals and objectives of these organisations are about *as* varied as their origins.

Jaffee (1988: 11-13) provides useful distinctions between the range of perspectives and combinations of perspectives among these organisations. These can be summarised as follows:

a) The 'small is beautiful' perspective, held mainly by people in organisations linked to the state and the private sector, sees the cooperative as a form of organisation suitable for marginalised people as a form of income generation on a collective basis. People holding this view have not encouraged the linking of such collectives with broader social movements. Such organisations are mostly concerned with deregulation and the promotion of the informal sector as methods of solving particular economic problems. Examples of such organisations include the Urban Foundation and the Small Business Development Corporation.

b) The second perspective, an incorporationist one, is held mainly by black small entrepreneurs who see cooperatives as possibly playing an important role in admitting excluded and disadvantaged people to participation in the capitalist economy

c) A third perspective, cooperatives as a means of uniting the working class, sees co-ops as creating links between the employed and the unemployed This is essentially a defensive strategy for dismissed workers and is advocated mainly by those organising the unemployed The offensive strategy within this perspective, held mainly by co-ops linked to trade unions, views such enterprises as potential learning grounds for workers and trade unions in workers' control and democracy These approaches see cooperatives as potential sites of and for working class control and power in the broader community, and recognise that such enterprises cannot bring about economic and social transformation on their own

d) A fourth perspective, co-ops for national liberation, views such enterprises as a form of organisation with the ability to mobilise people into the struggle for national liberation in SA This position is also implicit in approaches (b) and (c) summarised above

e) The final perspective, co-ops to build socialism, is somewhat value-laden in its assumption that since co-ops are owned and controlled by the producers they represent, in microcosm, the form of socialist society A further position within this broad perspective holds that cooperatives, if linked to organisations with socialist goals, can contribute to the propagation of socialist ideology

These perspectives on the long-term goals of cooperatives reflect the various priorities of cooperative initiatives in the late 1980s and early 1990s It is important to note, however, that irrespective of the diversity of approaches all organisations promoting cooperative activity face the same structural difficulties presented by the South African social and economic order

Following this contextual information, the next chapter presents the first of four case studies completed for the dissertation

CHAPTER 5

AN EXPERIMENT IN 'TOP-DOWN' COOPERATIVE DEVELOPMENT:

THE LANGA SPINNING PROJECT

5.1 Introduction

Leading figures in the Catholic Welfare Bureau (CWB), Mr and Mrs Templeton, initiated the Spinning Project (SP) in 1982 The project involved hand-spinning raw wool and was based in Langa, one of the older African townships in the Western Cape. It was started as an experiment in job creation for unemployed African women At the time of research it was an income generating project in the process of being transformed into a cooperative This chapter deals mainly with the SP's relationships with the CWB, its initiator, and the Sheep Shop, its supplier, customer, and essentially its employer at the time.

This experiment was inspired by the success of the world famous Mondragon Group of primarily industrial cooperatives based in the town of Mondragon in the Basque provinces of Spain Several studies have been done on these cooperatives Among the more recent ones are Thomas and Logan (1982), Whyte and Whyte (1988), and Greenwood and Santos *et al* (1992) Considering that Mr and Mrs Templeton intended to base the Langa Spinning Project on the Mondragon experience, it is in order to provide a brief outline of some key aspects of these co-ops

The Mondragon Group started off with one co-op, Ulgor, founded in 1956 in the context of poverty after the Spanish Civil War (Bradley and Gelb, 1983. 12) Ulgor started off producing paraffin heaters and stoves and today it is among Spain's leading manufacturers of consumer durables such as stoves, refrigerators and washing machines (Campbell, 1978 32)

This venture was initiated by the Catholic priest, Arizmendi, and a few of his engineering students with the financial support of the local community It initially faced similar problems to those of co-ops today insufficient capital, lack of managerial skills and limited technology, among others In response to these problems, the founders started a savings bank through which local savings were channelled to provide investment capital for the co-op Attached to the bank today, is a group of specialists with entrepreneurial skills Over time, more industrial cooperatives were formed. Today the enterprises are supported by a range of second degree co-ops including among others the bank, a research and development team, a retail co-op and a set of schools for training This group of co-ops has a history of strong links with the local communities and a commitment to provide jobs (Bradley and Gelb, 1983 12-14)

The organisational structure of the Mondragon Group includes a board of directors elected by cooperators and a management team appointed by the former Workers contribute shares on their entry into a co-op These may not be sold and can only be withdrawn on leaving the enterprise Profits are allocated in such a way that funds are set aside for

reserve/investment funds and community projects making expansion possible and sustaining community links (Campbell, 178 27, 29)

Although the Mondragon cooperatives are undoubtedly an important example of successful cooperation, it is important to acknowledge that this experience cannot simply be duplicated in another context Developments in the Langa Spinning Project bear testimony to this

5.2 Why Spinning?

The key incentive to start this project was the ready-made market provided by Elsabetha Rosenworth, owner of a high fashion coutourier house in Cape Town (Interview 2 3) This together with (a) requests for jobs from African women at the Langa Catholic Centre communicated to the CWB by the nun at the Centre, Sister Alfreda, (b) the CWB's interest in 'experimenting' with employment creation and (c) Mr Templeton's fascination with the Mondragon co-ops and his interest in testing whether the Mondragon model could be transferred to South Africa resulted in the establishment of Cape Spinning and Knitting (CSK) of which the Langa Spinning Project was a part

The Spinning Project formed part of a broader production, distribution and service structure under the auspices of the CWB as Cape Spinning and Knitting (CSK) This operation involved six key productive activities, one of which was spinning These included

(a) Management provided and financed by the CWB Ms Walker, a former marketing manager of a private company, was employed by the CWB in September, 1988 to manage CSK as a whole This meant that she was responsible for managing both the Sheep Shop and the Spinning Project (SP) In relation to her role as manager of the SP she was responsible for buying and supplying carded, raw wool to the spinners, collecting the spun yarn, calculating and packaging each spinner's wages from the production list compiled by them, for the viability of the enterprise, and for its transformation into a co-op

(b) Carding of raw wool which was contracted out to private firms and/or individuals and sometimes done by hand by the spinners

(c) Spinning done by the African women in Langa

(d) Dyeing and designing done by employees of CWB

(e) Knitting of garments done by individuals at home, these were mainly Coloured women

(f) And marketing and selling based at the Sheep Shop, an outlet run by CSK in Green Point, Cape Town, the Sheep Shop supplied raw wool and bought the spun yarn from the SP (CWB 1990)

5.3 The Initial Idea: Viable Business to Mondragon-Type Co-op

The project was started with the idea that a viable business had to be established before it could be transformed into a cooperative along

Mondragon lines The founders decided that after three years of viable financial operation the enterprise would be transformed into a co-op This decision was influenced by their reading of the South African Co-operative Act in which this yardstick was used to justify the registration of a co-op

According to Mr Templeton, when the project was initiated, several meetings were held during which the founders explained to those working in CSK that everyone who joined the project would one day own it Those present were mainly knitters and people working in the Sheep Shop, the reason being that 'they were easier to get at" (Interview 2 3) The first group of spinners were either epileptic, mentally and/or physically handicapped and thus not so easily accessible when discussing the future cooperative structure of the project

It is not clear how and when the composition of the spinning group changed from handicapped to non handicapped women Nevertheless, the women who constituted the spinning group at the time of research were not part of initial discussions about the future of the enterprise Mr Templeton merely suspected that the various managers of the project in the past (from 1982 to 1988) might have spoken to these spinners about the future plans for the enterprise (Interview 2 3)

The original well-intended goals of the CWB to establish an economically viable enterprise to be transformed into a Mondragon-type co-op, were not achieved Furthermore, after seven years of several failed attempts to make the project viable, the CWB was still willing to pursue the same experiment

Among the obstacles to reaching this goal were firstly, the impossibility of establishing a Mondragon-type co op among the unemployed in South Africa because of the vastly different historical and socio-political contexts, the absence of community support in the form of financial assistance, as was the case in Mondragon, a severe lack of skills in the SP as opposed to the engineering skills of the first cooperators in Mondragon, and the differences in the method of initiation The Mondragon co-ops were not initiated by a welfare organisation but by the cooperators themselves with the assistance of the local community to whom the co-ops were eventually accountable

A further obstacle was the fact that the range of productive activities which CSK embodied were geographically separated The spinning was done in Langa, dyeing, designing and selling were done in Cape Town, and knitting was done at individual's homes variously located on the Cape Peninsula This made it difficult to coordinate the various productive activities In addition, structural differences among the producers in terms of their positions in the racial structure of South African society may have provided a barrier to cooperation More specifically, the spinners were African women, the knitters were predominantly Coloured women with white women included, the dyer, designer, and salespeople were Coloured women, and the manager of the project was white

Considering the particular historical and socio-political context, it is difficult to believe that one could create a Mondragon-type cooperative in South Africa

5.4 The Spinning Project in 1989

At the time of research, the Spinning Project (SP) was a small-scale informal / unregulated enterprise producing hand-spun wool with wooden spinning-wheels supplied by the CWB It employed fifteen African women The spinners were unskilled and were being trained by Sister Alfreda, herself not a skilled spinner A notable feature of this project was its history of constantly changing managers, mostly inexperienced, recruited and employed by the CWB The SP was hosted in a building at the St Francis Xavier Catholic Centre in Langa Its overhead costs were covered by CWB funds, part of which included Sheep Shop profits Sister Alfreda, assumed the position of supervisor on the basis that the women initially approached her for work and Ms Walker managed the project

5.4.1 Piecework and its Implications: 'The more you spin, the more you earn'

Spinners were paid per kilogram of yarn This was evidence of piecework Wages fluctuated with the amount of yarn produced In this context, the women tended to spin at an accelerated pace in order to produce as many kilograms of yarn as possible so that they could earn more

> *I used to fight with them to go slow, [to] do it properly, but at the same time [the spinners] were saying [they] must get a living out of it (Interview 2 2)*

Since the women were inexperienced, spinning at a rapid pace often meant producing badly spun yarn The quality of yarn also had implications for wages At the time of research, wages per kilogram were R12,50 for well spun and R11,50 for badly spun yarn Depending on the amount and quality of yarn, spinners' wages ranged from a meagre R80 to R200 monthly

In addition to this lack of experience and skill, various other factors influenced the speed of work, the quality of yarn and, importantly, wages Firstly, when carding could not be contracted out, spinners hand-carded the raw wool without additional payment This left significantly less time for spinning Secondly, the raw wool was often unwashed making it difficult to card and spin Thirdly, prewashed wool was often matted making spinning less easy All these bottlenecks resulted in (a) less time for spinning, the womens' actual source of income, and (b) the production of unmarketable yarn for which spinners were paid This affected the viability of the project

we were losing on the other side [when trying to sell the yarn] The money went down the drain with the dirty wool and they [the spinners] got paid (Interview 2 2)

Among the consequences of this situation was an accumulated amount (about 1 000 kilograms) of unmarketable yarn in the form of stock Selling this yarn was the key problem faced by Ms Walker with her appointment as manager in 1988/1989

5.5 Strategies Adopted to deal with Unmarketable Yarn

5.5.1 Improving Quality

Among initial attempts to ameliorate this situation was the introduction of a quality wheel With this came the selection of a quality controller from among the spinners, payment of a quality bonus as an incentive to produce good yarn, and training the women to spin well A further strategy was to market the bad quality yarn at cost price Improving the quality of yarn could not, however, be done overnight This would be a long-term process of training and constantly monitoring spinning methods Furthermore, the manager projected that accumulated stock would be sold by the beginning of winter 1989 This projection, unfortunately, proved wrong Hence, by April 1989 drastic measures were taken to stop the production of more yarn

5.5.2 Temporary Retrenchments

In May 1989, Ms Walker met with the spinners to inform them that the Sheep Shop, the Spinning Project s supplier, customer and effectively their employer, had no money to buy more raw wool, the yarn was not selling well and thus, there was no work for them Each of the spinners was paid R200 and they had to find other work

When asked whether the project was closed down since the spinners had effectively been retrenched, Ms Walker replied as follows

It's making a surplus at the moment as long as we're not ordering [raw] wool our sales have never been better but we're still working on this massive backlog [of bad quality yarn], so as soon as we can liquidate that [yarn], we'll be in a good [position, economically] (Interview 2 1)

In her capacity as manager of Cape Spinning and Knitting (CSK) as a whole, Ms Walker here referred to the Sheep Shop, the marketing and sales outlet of CSK, as making a surplus In other words, even though the Spinning Project was no longer in operation, the Sheep Shop, it s supplier and customer, was still making a surplus

Furthermore, for the manager, this period of no production was seen as

> *an ideal opportunity to initiate training in what a cooperative is so that when [production] start[ed] again, they [the spinners] would be more prepared and see [the project] in a different light (Interview 2 1)*

According to Ms Walker, "*the project [was] going to be put on a new footing [during this period] which .would be a more realistic and democratic true cooperative*" (Interview 2 1) The key tasks confronting her were selling the accumulated yarn and transforming the project into a cooperative

Hence, for the month of May, 1989 the spinners were without work By June of that year, however, the manager started ordering raw wool once again and they commenced work All the spinners were 'reinstated', except one for whom Ms Walker found another job. According to the manager, sufficient raw wool had been ordered and the spinners were promised work until the end of 1990

Towards the end of 1989, the spinners' remuneration per kilogram was raised from R12, 50 to R15 for well spun yarn, and from R11, 50 to R12, 50 for badly spun yarn This increase was introduced by the manager "because their income was not sufficient" (Interview 2 1)

The issues discussed thus far, more especially the lay-offs during May, illustrate the power relationships within CSK which directly affected the Spinning Project These had significant implications for the transformation of the SP into a co-op I proceed with an examination of these relationships

5.6 Power Relationships

Since its initiation, the spinners had no role in managing the project According to Ms Walker, one of the reasons for this was that

> *[the SP] ha[d] never moved from the welfare start that it had the whole effort to market the products [knitted garments] and get the shop [Sheep Shop] running took precedence over the cooperative principles (Interview 2 1)*

As shown by the quotations below, this welfarist situation of sheltered employment was still firmly in place in 1989

> *1) We never make any decisions about our work, we only do what we are told (Interview 2 4)*
> *2) We would always wait to get instructions from sister or from whoever paid us (Interview 2 5)*
> *3) Sister tells us what to do (Interview 2.6)*

The strategies (discussed immediately above) adopted by management were implemented without consulting the spinners. This clearly indicates that the manager, rather than the spinners, was in control of decision-making The spinners had no say in the operation of the Spinning Project.

The manager introduced the quality wheel: "it was just brought in" (Interview 2.2) without consultation. This was confirmed by the spinners.

> *1.) Our employers said the quality wheel must be brought in (Interview 2.4).*
> *2.) We did not decide about the quality wheel ourselves. It is our employer who came up with the idea (Interview 2.6).*

Ms Walker was clearly aware of this situation:

> *I'm so aware of the fact that they turn around all the time and ask what to do next, or they'll say 'you tell us what to do' (Interview 2 1).*

Their retrenchment was indicative of the power relationships at play in the project. Moreover, their responses to retrenchment pointed to their powerless position:

> *1.) We were very depressed about the news that there was no work because we know it's difficult to find jobs. We didn't know how long the money we were given would last ..I do not know who decided to pay the R200. We were just greatful to get that amount because we probably would not have got anything anyway. We were actually thankful (Interview 2.4).*
> *2.) We did hear that the wool was not selling in town, so it wasn't a problem really at that time, but we were not aware that it would go as far as us not having a job at all...it was the first time that we heard we would not have jobs. We were not expecting this. We thought that we would continue spinning.*
> *I don't know how the group could have prevented this [retrenchment] from happening. The problem is that we are just spinning here. We don't know what happens to the wool, we don't know what is happening about the sales; we are only told what is happening and we don't know what is happening; we only spin (Interview 2.5).*
> *3.) We were disappointed but there was nothing we could do. Sister [Alfreda] used to tell us that the wool was not selling in town but we were not expecting that we would not have any work...I was only greatful for the R200 because I didn't expect it. I don't know how it was calculated (Interview 2.6).*

For the spinners, the termination of production meant no work and no income Ms Walker, however, saw this period as an opportunity to initiate training the spinners in cooperative practice These diverse perceptions were indicative of the different positions occupied by spinners and management, respectively, in the structure of Cape Spinning and Knitting

Furthermore, on the one hand the spinners were told that the wool was not selling, while on the other hand, the manager noted that sales had never been better In this regard, the spinners were given contradictory information

Finally, Ms Walker s power to reinstate the spinners a month later and to promise them work for a year pointed to their dependence on her for earning their living She held the power of decision-making not only about the spinners material well-being but that of all Cape Spinning and Knitting (CSK) employees All the evidence indicates that Ms Walker occupied the most powerful position in CSK as a whole As manager of the Sheep Shop, she represented the interests of the Spinning Project's sole customer and supplier Simultaneously, as manager of the Spinning Project, she was supposed to represent the interests of the producers, the spinners As shown later in this chapter, the contradictions of this position came to a head with the transformation of the Spinning Project into a co-op, engineered by the same manager

5.7 Cooperative Consciousness

These power relationships were further reflected in the various perceptions of a cooperative The following quotations represent the diverse conceptions among some of the women involved in the Spinning Project

The Spinners:

> *1) People work together in order to move forward [the SP] is a co-op because we are all doing the same thing and we are all aiming to get money (Interview 2 4)*
> *2) I don't know what a co op is (Interview 2 5)*
> *3) The whole idea behind my coming here was to do my work, so I just wanted to get my job done and get my money (Interview 2 6)*

The Supervisor:

> *I don't have much idea about the co-op I've never worked for it or in it The little I know is that we pull together in common, we share in common, it's not mine, it's not yours, it's ours, we work for the same common good, each one must put effort in, common effort, what comes out of it should be commonly shared (Interview 2 2)*

The Manager:

> *I am perhaps not totally committed to cooperatives because I don t know enough about them I ve got to learn about it and I've got to be shown that it can work I want people to make their own decisions I want them to grow as people - both in education and in decision making I want them [the spinners] to benefit from their labours I don t want some anonymous shareholder or some board of directors or some management to benefit [The aim is to build] a successful project which will benefit the workers I want them to enjoy work (Interview 2 1)*

The Catholic Welfare Bureau:

> *The basic principles of the Rochdale pioneers and the methodology of the Mondragon system [are key to Mr Templeton's conception of a co op] [In addition] the cooperative model is a hard option where we're calling out hopefully the best in people We're calling them to be participators to be unified in their actions to be responsible in the way they conduct their financial affairs that they are conscious of their community responsibilities That we re all called together and that we must help each other and through this process we can become prosperous But I don't want to become prosperous at your expense, I want it to be a win, win situation*
>
> *I just feel that the cooperative harkens back to a much more gentle period, that hopefully we would want to have enough to live on but that we didn't need to take every conceivable cent that we could get That money was not the beginning and end of it all That there are other values community values cultural values So I see the cooperative as being a very valuable and a very important tool in drawing some of those old long nurtured human values back again (Interview 2 3)*

Some of the spinners had no conception of what a co-op is while for others the main aim was to get money The supervisor emphasised 'exerting common effort for the common good' Both the supervisor and the manager had little experience of such forms of organisation The predominant aspects in the manager's conception included decision-making by and benefits for the producers, and a sense of enjoyment at work Finally, Mr Templeton expressed a romantic and idealistic view of a co op with material benefits being of secondary importance and community and cultural values being the core purpose of cooperation

5.8 Implications of these Conceptions for Co-op Development

The diverse perceptions of a cooperative were related to the different roles and positions of those quoted above both in Cape Spinning and Knitting as a whole, and in broader society As unemployed women, the spinners emphasised material factors irrespective of the organisation of work environment They initially went to Sister Alfreda for a job, not to join a co-op

This particular perception had implications for the transformation of the Spinning Project into a co-op The spinners were merely concerned about their material reward It made no difference whether they were paid from Catholic Welfare Bureau welfare funds or from profits of the project With regard to co-op development, this implied little concern among the spinners for the long-term viability of the project and its development into a self-sustaining economic unit able to provide them with relatively secure income Moreover, they were not concerned about the power relationships they entered into in their quest for income It made no difference whether they worked for an employer or for themselves as a collective

The spinners' perceptions of the manager and supervisor were indicative of the nature these relationships

> *Paddy [Ms Walker] and Sister [Alfreda] are the employers, but they tell us that they are not the employers, [instead,] the project is our own I don't understand what it means when they say they don't employ us, we do as we are told, we get instructions from Paddy and Sister*
> *At the meetings they [the employers] tell us about what has been happening [with the sales] and the income we would get and as far as we are concerned we don't understand what they are talking about They write on the board how much money is made, how much money goes out and so on, so that's the way of making things easy, but still it's actually not necessary at all because we are not going to do anything about it (Interview 2 4)*

The fact that the spinners were 'not going to do anything about' or with the information given to them by the manager and supervisor confirmed that their main concern was material reward in whatever form it came In this regard the manager showed some insight

> *I don't think that they can appreciate [that I would like them to enjoy work] because I don't think that they earn sufficient at the moment to even want to have fun I think that their primary objective at the moment is subsistence And it's just to earn more money so that they could be a little more comfortable They could not actually care a stuff about having fun at the moment And I don't think that they could care about their fellow workers or their community I don't think that they*

could, really I think everything is internally [individually] motivated which I can totally understand I mean, if I were earning R150/R180 a month, I'd also say stuff having fun, give me more money (Interview 2 1)

The manager's perception was clearly influenced by her position of power, her responsibility for the Spinning Project's economic viability and for transforming it into a co-op, and by her previous experience as manager of a private firm Her emphasis on benefits for the workers was influenced by her previous experience of working in a capitalist firm where shareholders derived benefits Her responsibility for the viability of the Spinning Project, on the other hand, demanded 'a business approach (Interview 2 1) This raised a key question with regard to the development of the Spinning Project into a co-op how would one ensure viability while simultaneously ensuring material benefits for producers? According to Ms Walker,

if we are serious about a cooperative, it has to be a viable operation which can compete in the market place, but it's also got to be good for the workers How you can bring those two things together I don't know, because you can be very viable in the marketplace by not paying them much (Interview 2 1)

The implications of the manager's conception of a co-op raised the key problem of finding a healthy balance between material need, democracy and economic viability

Mr Templeton's emphasis on values rather than material benefit was based on an idealistic view of the world in which peoples actions were not at all materially motivated This conception had serious implications for the reproduction of the project and for its economic viability A co-op which failed to provide for the material needs of its members would either suffer loss of membership or be left with members who had no other option for survival People cannot eat values, they need an income in order to provide for their subsistence

5.9 Continuity and Change in the Spinning Project: The Initial Process of Transformation into a Co-op

The initial process of transforming the Spinning Project into a co-op (from October 1989 and into the early months of 1990) began with an introductory meeting about cooperative production and principles The manager, Ms Walker, recruited the assistance of a free lance co-op advisor (Minutes 22 2 90) Issues raised at this meeting marked the beginning of contests around the redefinition of the power relationships discussed earlier (Minutes 22 2 90)

5.9.1 Changes in Division of Responsibility

Among the key issues for discussion at the first meeting was the new division of responsibilities between the spinners and other production centres of Cape Spinning and Knitting One of these included the transfer of some of the manager's tasks to the spinners, namely, ordering raw wool and contracting out carding In addition, Ms Walker in her capacity as manager of the Sheep Shop, the spinners' sole customer, no longer prepared individual spinners' pay packages Instead, a bulk sum was paid for spun yarn purchased and the spinners had to distribute these funds among them according to their individual production (Minutes 22 2 90)

This new system of payment prompted them to air grievances about quality control They expressed little confidence in the quality wheel and the scale used to weigh skeins Their key concern was that uncertainties about quality translated directly into uncertainties about wages (Minutes 22 2 90) It also raised questions about equal payment the spinners expressed confusion about how to divide their collective income since individual spinners produced different amounts and quality of spun yarn They agreed that a system of equal payment could not yet be introduced, payment per kilogram thus continued until such time that they were ready to make a more informed decision in this regard

5.9.2 The Sheep Shop: Customer or Employer?

The manager emphasised the new status of the Sheep Shop as ***customer*** rather than ***employer*** with decision-making power about spinners' wages Towards the end of April 1990, however, there were piece rate negotiations between the spinners and the Sheep Shop For three years since 1986 the spinners were paid R10 per kilogram of spun yarn In 1989 they were initially paid R11,50 per kilogram for badly spun yarn and R12,50 for good quality yarn Around April of that year, the rate per kilogram for good quality yarn was increased to R15 per kg, while the badly spun yarn cost R12,50 per kg By 1990, the spinners wanted R20 per kg considering that the raw wool they were spinning was dirty and had to be cleaned before being spun The Sheep Shop offered R16 per kg and the final decision was to pay the spinners R17 per kg of yarn These negotiations around piece rates question the Sheep Shop's status as merely a customer

5.9.3 Contests over Production Time Lost

The spinners requested payment for production time lost in November 1989 and January 1990 on the basis that they were 'not to blame" (Minutes 26 2 90) for either the unavailability of raw wool supplies at the time or the delay of discussions about the new cooperative approach to be introduced In addition, they complained that the raw wool was ordered late

resulting in a further loss of production and earnings The manager's response to this was as follows

> *it was not possible for the shop to pay for wool that they [the spinners] had not produced, [the spinners] had agreed to have a meeting to sort out problems before beginning work again However, it was true that the meeting had been delayed by one week because it was difficult to contact [the spinners] (Minutes 26 2 90)*

5.9.4 Contests over Ownership

Furthermore, by May/June 1990, the manager pointed out to the spinners that ***they*** did not own the wool Instead, the Sheep Shop owned the raw wool which the spinners had to buy Thus, the Sheep Shop was both sole customer and sole supplier of raw wool to the Spinning Project

The question of ownership arose because the spinners were about to make yarn for another customer, Camphill Village, recruited by Ms Walker Since the Spinning Project had no working capital, she suggested that the spinners apply to the Sheep Shop for a loan of R850 to buy the raw wool required for the order of 50kgs of spun yarn from Camphill Village The loan was confirmed and the raw wool required was purchased Once spun, however, the spinners refused to release the yarn unless they were paid cash ***immediately*** The Sheep Shop offered to pay for their labour the next day This was rejected Members from another co-op, Masizame, were called in to explain the normal procedures regarding invoicing and cheque payments The spinners still refused to change their decision not to release the yarn. In the light of the delay caused by this action, the spinners agreed to cancel the order from Camphill Village (Minutes 15 05 1990)

Ms Walker attributed this action to "mistrust and misunderstanding" on the part of the spinners (Undated Report by Ms Walker) For her, the incident was a turning point in her relationship with the spinners She withdrew her assistance until such time that the spinners requested it From her point of view,

> *[t]his painful experience proved valuable in so far as they [the spinners] had their first real choice to make back to the old way of operating [namely, sheltered employment offered by the CWB]or a decision to take a very unclear rocky road [to forming a cooperative enterprise independent of the CWB and able to compete in the market] (Interview 2 1)*

This suggestion that the spinners had a choice between sheltered employment and *deciding* to take an 'unclear rocky road' towards forming a co-op contradicted her later acknowledgement that changes were not initiated by the spinners More importantly, from the perspective of the spinners, any choice which threatened to reduce or eliminate their income

would be irrational in the light of the continued possibility of sheltered employment

Considering that (a) the spinners were drawn from the economically marginalised population, (b) they did not have savings to use as start-up capital, (c) they did not have either the skill or the experience of operating an economic enterprise, as shown in the incident with Camphill Village, and (d) that they were financially dependent on the Catholic Welfare Bureau since the initiation of the project, one could not expect them to 'prefer' anything else but sheltered employment in their attempts to survive Their choices at the time could not be removed from their historical and material context

Significantly, like the majority of contests during the process of transformation, the spinners' demand for immediate payment was indicative of their emphasis on material reward

In sum, previously, the spinners were passive producers they received carded raw wool from the manager who later collected the spun yarn and had each spinner's payment ready for her With the transformation of Spinning Project into a co-op, the spinners participated in ordering the raw wool required, arranging the delivery of spun yarn to the Sheep Shop, in negotiations with other customers recruited by the manager, and in deciding their own remuneration Other changes included negotiations with the Sheep Shop for a loan Furthermore, they opened a bank account, elected office bearers and decided on a name for the co-op *Masixole*

Ms Walker officially/formally resigned as manager of the Spinning Project She assumed the position of co-op advisor in the development of the project into a cooperative and directed her attention to the provision of services to other co-ops as well Her position as manager of Cape Spinning and Knitting and the Sheep Shop, however, remained in place The supervisor left the project This meant that the spinners were in charge of operations on the shopfloor Towards the end of the research, the possibility of spinners contributing shares to *Masixole* was under discussion The outcome of this process, however, is not included in this work

Despite these changes, there remained much continuity especially in the nature of the relationship between the Sheep Shop and the Spinning Project The Sheep Shop remained the sole customer and supplier of the project, it continued to buy raw wool and so continued to take financial responsibility for supplies to the project, it continued to cover operating costs of the project, and advisors to the project, mainly Ms Walker, continued to dominate its management

5.10 Old Relationships in New Form: Shifts in the Sites of Conflict while the Balance of Power remains

The changes implemented in the relationship between the Spinning Project (SP) and Sheep Shop (SS) were minor Essentially, the structural

relationship between the SP and the SS remained the same the spinners continued to do piecework for the SS

Though these changes were minor, they shifted the sites of conflict over quality and over wages Disputes over quality were previously ***between the supervisor and the spinners***, thus initially located on the shopfloor After the changes were implemented, these disputes were located ***between the spinners and the Sheep Shop***, a more powerful player in the web of relationships within which the spinners were caught

Similarly, when the manager decided on individual spinners' wages based on production lists compiled by them and on the results of quality control, conflicts over wages were located ***between the spinners and the manager*** who for them represented an 'employer from the Sheep Shop With the spinners' new responsibility of deciding on the distribution of their collective income, the site of conflict over wages shifted to a new location ***among the spinners themselves***

It is important to note that disputes over quality and wages were intricately linked The material reward for good quality yarn was higher and thus had a direct effect on wages Although interlinked, these disputes occurred at different locations

Shifts in the sites of these conflicts had significant implications for the development of the Spinning Project into co-op, and for the power of the spinners in relation to their sole customer The site of conflict over quality shifted from the shopfloor to more direct conflicts between the spinners and the Sheep Shop On the one hand, this was significant because it brought the spinners in direct contact with their customer, a vital experience for them in learning how to deal with customers directly On the other hand, considering that the Sheep Shop was their sole customer as well as their sole supplier, the spinners' power to negotiate 'reasonable' prices for their yarn was limited The Sheep Shop remained powerful in determining the price of spun yarn thus ultimately determining piece rates and spinners' wages

Furthermore, decisions about individual spinners wages no longer lay with the manager but with the spinners as a collective In this context, divisions among the spinners were highly likely when considering differential payment due to quality and speed differentials among spinners This potential for internal divisions weakened their power to directly negotiate better wages with the Sheep Shop

Significantly, the shifts in sites of conflict as a result of transforming the Spinning Project into a co-op weakened rather than strengthened the spinners' power in relation to the Sheep Shop This was not surprising considering that the transformation was implemented by the manager of the Sheep Shop under the direction of the Catholic Welfare Bureau

> *Any changes have not come from them I have initiated the change They are still not aware of the power that they have (Interview 2 1)*

The transformation was clearly in the interests of the Sheep Shop rather than the spinners This situation is indicative of the consequences for producers of changes implemented 'from above' or on the initiative of a service organisation

5.11 Conclusion

In the light of Abell's (1981) five principles of democratic organisation the Spinning Project was not democratically organised and showed little potential for progress towards increasing democratisation The complete absence of the spinners' participation in decision-making makes Abell's first and fifth principles irrelevant in this particular case The absence of the principle of representation, and the location of special competence ***outside*** of the project as an organisation point to a low degree of democratic organisation

Furthermore, none of Bernstein's (1976) minimally necessary conditions for effective participatory democracy were present in the Spinning Project This enterprise was unlikely to develop into a sustained participatory democratic organisation

In terms of Brecker's (1988) stages of co-op development the Spinning Project was a pre-cooperative in the sense that it was a job-creation project in the process of being transformed into a co-op It fitted his criteria for this stage of development

(a) the spinners were primarily individual producers, this marked an early stage of cohesion,

(b) they required basic training in skills, and cooperative ideology and practice and

(c) the Spinning Project needed soft loans to help it find its feet

In addition, people in different positions in the project, and with different roles in its formation had different priorities in terms of its development Some of these priorities were incongruent with others thus hindering the process of co-op development This was reflected in the spinners' concern for material survival on the one hand, and Mr Templeton's concern for the moral importance of co-ops, for example More importantly in material terms for the spinners, such incongruence was clearly reflected in the contradictory and powerful position of the manager who, in the end, acted in the interests of the Sheep Shop

This case study gives one some insight into the specific issues faced by such projects It relied on management skills recruited by the service organisation from outside the co-op, and directly linked to its sole supplier and customer This meant no participation in management by the spinners and complete control by the manager over all aspects of the enterprise including its transformation into a co-op This relationship in the context of the employer/employee relationship between the Sheep Shop and the spinners indicates that the latter were essentially wage-labourers engaged in piecework The top-down approach to co-op development in this case highlights the negative implications of such approaches for the power of

producers. Moreover, the dependency relationship between the Catholic Welfare Bureau and the Spinning Project was not conducive to building self-reliance.

CHAPTER 6

TRAPPED IN POVERTY: LAUNISMA BRICKMAKING COOPERATIVE

6.1 Introduction

The mushrooming of shanty towns, often referred to as squatter camps, in the 1970s and 1980s has been among the consequences of the South African government s severe legal restrictions on Africans living and working in white urban areas These restrictions must be seen as part of the state's policy of creating African homelands In the context of these Influx Control laws, Africans moving to cities in search of livelihoods chose to live 'illegally' in squatter settlements on city fringes Crossroads, situated on the edges of Cape Town, is among the internationally most well known shanty towns in South Africa The leadership and members of the cooperative reviewed in this chapter are drawn mainly from the Crossroads community This introductory profile of Crossroads is based on the work of one of the key authors on developments in this community, Cole (1987) It provides the socio-political context for the emergence of cooperatives like the Launisma Brickmaking enterprise

6.2 Brief Profile of Crossroads

A key feature in the history of the Crossroads community has been constant threats of forced removal in the context of the South African state's controls over the movement of Africans to white urban areas The early residents of Crossroads, forcibly removed from Brown's Farm squatter camp to Crossroads in the mid-1970s, consisted mainly of male migrant workers, petty traders, unemployed people and women with no legal right to be in the city of Cape Town (Cole, 1987 12) By the late 1970s these people resisted renewed threats of removal from Crossroads which they considered to be their permanent home The study of this community by Cole (1987) illustrates the leading role played by women in the early struggles against removal

It is these struggles which led to the legal victory against forced removal won by this community Crossroads was declared an Emergency Camp in 1976 This meant that rudimentary services such as water taps, and refuse and night soil removal were provided at a minimum fee (ibid , 16) Crossroads had a unique position as a black community in the Cape Peninsula

> *Unlike other black townships it was not subject to the constraints which operated in these areas - for example, lodger permits, trading licences and strict political control (Cole, 1987 17)*

The struggles against forced removals marked the beginnings of Crossroads as a centre of resistance to the apartheid state In this context local community leadership structures developed These developed along clear gender divisions in the community with certain structures dominated by men while others comprised mainly women (Cole, 1987 20) In addition to and often intersecting these gender divisions, other key divisions in this community were (a) between residents with legal rights to live and work in white urban areas and those 'illegally' residing in the city and (b) between traditional and politically conservative residents and more militant youth These divisions formed the background against which struggles over political and economic control and political legitimacy within the Crossroads community were to take place later in its history

Crossroads' legal status as an Emergency Camp meant that the state had to resort to indirect means to remove its residents These included mainly threats of removal, demolition of people's houses and evictions (ibid 21) In the context of the state's contradictory political programme of reform and repression Crossroads was the first black squatter community to be targeted by these reformist strategies which played into the existing divisions in this community Cole's (1987) study shows how these divisions provided the opportunity for divide and rule strategies on the part of local and central state authorities

With the state's reformist strategies and its renewed attempts at implementing Influx Control, Dr Piet Koornhof, Minister of Plural Relations at the time, promised resettlement in a new township, later called New Crossroads, to those Crossroads residents with jobs and housing This promise came in 1978 after the more conservative wing of the government at the time threatened to demolish Crossroads In the context of what Cole (1987, 35) terms Crossroads' eventual "acquiescence" to this promise, struggles in the community shifted from a focus on forced removals to who would qualify for residence in the new township In addition, struggles evolved around who would lead the Crossroads community and maintain political control over its future (Cole, 1987 43)

According to Cole (1987), although power struggles based on divisions within the Crossroads community were not new, they began to take on a different form soon after Crossroads became trapped in the state's reform programme (p 43) Mr Johnson Ngxobongwana, was elected chairman of the Executive Committee, a central leadership structure of Crossroads community at the time He had both a "dictatorial attitude" and a "tendency to pander to local state officials" (ibid 55, 56) His political support base within the community comprised mainly those residents who had arrived in the city recently and had no legal rights Despite the fact that most women were illegal rightless residents, their leadership structures were excluded from the political realm when Mr Ngxobongwana rose to power In addition, his political practices marked the beginnings of endemic violent conflict within the community which resulted in the use of threats and fear as means of social control

Further attempts on the part of the state to implement Influx Control through its combined strategies of reform and repression continued In 1983, Koornhof announced the establishment of yet another new township, Khayelitsha, for all ***legal residents*** of the Cape Peninsula This came in response to the growing squatter population around New and Old Crossroads

> *In 1982, the percentage of the population 'illegally' resident in the Western Cape was being conservatively estimated at well over 40% (Black Sash cf Cole, 1987 78)*

As a result of ongoing cycles of threats of removal the leadership of the Crossroads community joined forces with growing squatter communities in the surrounding areas It is partly through this process that Crossroads became part of the progressive resistance movement in the Western Cape The launching of the United Democratic Front (UDF) in the latter halt of 1983 and the intensified township-based political resistance to apartheid in the mid-1980s meant that the struggles of squatters became increasingly politicised (ibid 71) Mr Ngxobongwana, as leader of the Western Cape Civic Association, a key affiliate to the UDF at the time, and of Crossroads, the largest squatter community threatened with removal to Khayelitsha, became part of the vehement resistance to removals This active alliance between the UDF and Ngxobongawana later proved to be a mistake (ibid 82-87)

While Ngxobongwana was seen as a popular leader by several leaders of UDF affiliates, residents of the Crossroads community were exposed to his economically exploitative practices

> *'Taxes' continued to be collected for Ngxobongwana's 'community' cars, his salary and those of a number of local 'officials', and legal costs and bail money There was mounting dissatisfaction with the amount of money residents were expected to pay to Ngxobongwana and his headmen (Cole, 1987 87)*

These practices on the part of Ngxobongwana were among the many reasons which led to splits in the Executive Committee The power struggle within this Committee between Ngxobongwana and Memani, a member of the Executive Committee who attempted to mobilise dissatisfied residents, culminated towards the end of 1983 (ibid , 88) This was one manifestation of contests over political control and legitimacy within the community Conflicts among squatter communities were often sparked off by

> *which squatter leader controlled what land Thousands of homeless people who streamed into the area during the latter half of 1984 found themselves under the authority of one of an estimated fifteen leaders for each of whom squatting became*

a capital investment The more squatters one had on the land, the more money one could make (Cole, 1987 100)

In the context of heightened political repression on the part of the state, an upswing in political resistance to this repression and a crippling political and economic crisis in South Africa, squatter camps became the "political Achilles heel of the Cape Peninsula" (ibid , 104) Since early 1985 these camps had become one of the key centres of organised resistance to the South African state (ibid., 131) The squatters thus became a security threat to the state

During a rental dispute in the midst of this resistance to removals and repression, Ngxobongwana was arrested Mr Sam Langa acted as chairman of the Executive Committee while he was in prison Mr Langa was among the leaders who resisted resettlement to Khayelitsha During his time in prison, Ngxobongwana changed his attitude towards the UDF and he later officially declared his disassociation with this organisation As a result, hostility arose between the UDF and Ngxobongwana When he realised that the more militant youth had mobilised some of his headmen against him and planned to oust him, he forged an alliance with certain members of the security forces

In the wake of this alliance, conflicts over political control over Crossroads and about the ways in which funds were raised and controlled in the community were manifested in the brutal battles between the 'witdoeke' - Ngxobongwana's followers supported by security forces - and the 'comrades' - militant youth and progressive organisations The objectives of the state security forces to crush political resistance and those of the Ngxobongwana leadership to gain control over Crossroads coalesced In the aftermath of this violent attack on the progressive resistance movement, organisations within this movement battled to survive under the state's successive States of Emergency and in the resultant atmosphere of severe repression and of a local leadership co-opted by the state These organisations were confronted with picking up the pieces and re-organising themselves politically (Cole, 1987· 106-118) Cooperatives formed a part of this attempt at political reorganisation at the same time as being economic survival strategies of the poor and dislocated community members Mr Sam Langa, was among the former Crossroads community leaders who initiated small enterprises and cooperatives in this context The Launisma Brickmaking Co-op was among the enterprises initiated by him

Launisma Brickmaking Co-op (also LBC and Launisma Brickmaking in the text) was located in Philippi Industrial Area in close proximity to Crossroads It was one of a group of unregulated enterprises which formed the employment project, Launisma Enterprises (also LE and Launisma in the text) These were conventional enterprises which nominally became cooperatives around mid-1988

6.3 Historical Development of Launisma Enterprises with Specific Reference to Launisma Brickmaking Co-op

6.3.1 Formation of Launisma Enterprises

Launisma was initiated in December 1986 in an attempt to 'formalise' economic ventures of a few informal' traders and to create employment by pooling their resources It was not until May 1987, however, that the founders, namely, Mr Langa and approximately five informal business operators, obtained premises from which to operate Mr Langa, a key figure in this venture, had a history of involvement in unregulated economic activity He once owned a grocery store in Crossroads, sold corrugated iron from his home, and operated a motor repairs service from his backyard

For the founders, among the main problems for unemployed people involved in what they called 'backyard enterprising' were a lack funds, business acumen and work facilities This challenged them to acquire premises and to recruit informal operators who were interested in pooling their resources and business experience

Mr Langa was elected chairperson/manager of Launisma Enterprises His position was related mainly to his key role in establishing the employment project Among other reasons for his election, however, were his former position as community leader, his business experience, a general recognition of him as an elder[1], and his ability to communicate in English

> *The people chose him because they don't know how to speak with the white people (Interview 1 2)*

The three month lease for the premises was signed by him on behalf of those involved in the employment project By that time about twenty people were recruited by the founders as members of Launisma Foremen were elected, the founders formed a Trust and LE was established as a voluntary association

6.3.2 The Enterprises

By May, 1987 Launisma consisted of motor repairs (panel-beating and mechanical repairs) enterprises and a brickmaking enterprise The former, previously located in some members' backyards, were the only enterprises with customers at the time of its formation The latter, which is the focus of this chapter, was formed but only started operating in about October, 1987 when Mr Langa obtained a R5 000 loan on behalf of the brickmakers This loan was from the Small Business Development Corporation (SBDC)[2] and

[1] Members addressed him as *Tata* Langa which means Father Langa

[2] The SBDC is an organisation funded jointly by the private sector and the state for the purposes of promoting small enterprises

was used as starting capital The American Embassy donated R13 800, and British Petroleum, R5 000 towards machinery and equipment for the brickmakers (Interview 1 1) This financial aid helped Launisma Brickmaking to its feet and by mid-1988 it was able to generate some income The building construction enterprise was formed later in 1987

All these enterprises, were located in an old, virtually dilapidated factory building which had no electricity The British Embassy paid for the installation of electricity From the outset, Launisma depended on financial aid for its establishment

6.4 Structure and Power Relations

Launisma was structured so that each enterprise formed a department under its management which was centralised in the hands of Mr Langa The enterprises / departments were structurally, managerially and financially interdependent For this reason a crucial part of this case study involves an examination of the relationship between LBC and other enterprises in LE

Major decisions were made at weekly general meetings of LE In theory, decisions were made by consensus on the basis of a one person-one-vote principle In practice, however, decisions were heavily influenced by Mr Langa, the most powerful person in Launisma In this context the general membership had an attitude of "non-opposition' to decision-making (Interview 1 6)

The relationship between Mr Langa and members of LE was essentially one of patronage His power was manifested in his position as lessee for premises hired, and of obtaining loans on behalf of the members They thus owed allegiances to him for enabling them to operate and so have some form of survival In these circumstances it was not easy for them to challenge him This in combination with members' respect for him as former community leader, elder and manager of LE, and their low level of participation in decision-making facilitated his influence The latter was directly linked to very low levels of education and a lack of organisational experience among the members His power was further facilitated by the absence of organisational structures to counteract such influence

6.5 Launisma Brickmaking: Market and Production

Launisma Brickmaking produced cement bricks and blocks for low cost housing construction 1978 to 1988 marked the completion of several large low-cost housing projects for blacks in South Africa Khayelitsha, Silver Sands, and Blue Downs are examples of such projects This construction market was, however, dominated by large contractors who obtained their supplies from large producers (for example, Corobrik) and contracted out jobs to small and medium-sized subcontractors This created a highly competitive market limiting customers of small-scale brickmakers such as the LBC to owner-builders and very small building contractors

Production in Launisma Brickmaking was small-scale, labour intensive and characterised by low levels of technology Blocks were handmade and the electrically operated brickmaking machine which produced only one dozen bricks at a time was manually loaded On the one hand, this simple production process required little production management On the other hand, considering that raw material costs constituted about 66% of the final product cost, the need for working capital was high (Commission of Inquiry into Co-ops) This required effective financial management, unfortunately, severely lacking in Launisma Furthermore, the cyclical nature of the brickmaking industry required marketing strategies which could facilitate the stabilisation of demand These skills were also lacking and marketing was done mainly by word of mouth

6.6 Membership Composition and Wages

Table 1 below shows that both LE and LBC had a predominantly male, unskilled membership with little education and high levels of illiteracy None of LE's members were skilled apprentices Some members in motor repairs, however, had acquired some skills informally and hence claimed to be skilled During times of financial difficulty, members either received a meagre R10 weekly allowance or no remuneration at all These allowances were drawn from the meagre income generated by the motor repairs departments When LBC was generating income, the brickmakers each earned only R30 weekly The weekly living wage levels set by the Wage Board for the brickmaking industry in Cape Town at the time were R69,46 for a general worker and R178,48 for an artisan (Information from Labour Research Services) According to these figures which were likely to be underestimated, the brickmakers were receiving a wage well below the living wage level Wages in the motor repairs departments ranged from R80 to R150 weekly depending on the level of skill claimed by members

Furthermore, during peak production periods the LBC hired unskilled, casual labourers at R10 per day while the building construction department hired some skilled labour This meant that the number of people working in both LE and LBC fluctuated considerably A further factor contributing to this fluctuation was that members and potential members often left the enterprise in search of better paid employment The vast majority of the membership was African and unemployed

Table 6.1 Launisma Enterprises: Membership Composition

	[1]Dept 1	Dept 2	Dept 3	Dept 4	Total
Males	2	23	15	10	50
Females	3	4	0	0	7
Skilled					none
Unskilled					all
Illiterate					30
Primary Education					23
Secondary Education					4
Core Members					57
Hired Labourers					43
Fluctuating Total					100

Notes
1 Department 1 is the management of LE which includes Mr Langa a bookkeeper and three secretaries, one of whom is Mr Langa s wife, 2 is Launisma Brickmaking enterprise 3 the motor repairs and 4 the building construction enterprises

6.7 Lack of Funds and Contests over Scarce Resources

A severe shortage of funds at the time of formation meant that LE was unable to pay its first rent instalment of R2 000 for May, 1987 Mr Langa negotiated an exemption from rent payments for the first two months with the landlord When the next instalment was due, none of the enterprises had yet generated sufficient income to cover the rent LE borrowed R2 000 from one of the founder members to pay the rent for July 1987 This lack of funds, a chronic feature of Launisma, eventually led to disagreements among departments over the distribution of these scarce resources I proceed to explore these contests

6.7.1 Motor Repairs Departments: From Subsidisers to Private Operators

When LE was founded its members decided to share equally among all departments any income received, irrespective of the department in which the income was generated and the cost structure in each department This decision was linked to the ideology of enterprise accountability to the community which implied sharing rather than privately accumulating resources As expressed by Mr Langa

> *The co op does not belong to Mr Langa It does not belong to the people in the co-op only The co op is for the community at large Everyone in the community is a member of the co op When you join the co-op you come just with your ideas and your labour [power not your money] money is power (Interview 1 1)*

Since the building construction and brickmaking enterprises were not in operation during the months of May to October 1987, this decision resulted in the subsidisation of wages for these enterprises by the motor repairs departments The latter were the only departments generating some revenue at the time This meagre revenue was spread among the members. The amounts of money subsidised and of revenue generated are unknown However, rental arrears for the months August to October 1987, revealed later, and the meagre and often non-existent wages of brickmakers suggest that the subsidy to LBC could not have been high

By October 1987 this situation resulted in discord over access to and the distribution of financial resources in the co-op

> *[The] panel[-beaters] and [the] mechanics did not want to share money equally anymore They wanted to use money made by them for themselves (Interview 1 4)*

Furthermore, the foremen of the motor repairs departments announced financial difficulties and requested LE for permission to do additional work on the premises to supplement their income This entailed providing taxi services and repairs According to Mr Van der Westhuizen, voluntary co-op advisor to the UWM, permission was granted under the following circumstances

> *the panel-beating and motor repairs departments were idle at the time either because they did not have sufficient spare parts to complete work to be done, or because they did not have any work to do members of these departments were thus granted permission to do work for the purposes of supplementing their income on the basis that they did not have any work to do (Interview 1 6)*

The reality, however, was that the panel-beaters and mechanics used LE's premises as a base for their private taxi operations They provided taxi services until about ten 'o clock every morning, reported to work at LE around mid-day, repaired the taxis they drove and left at about three 'o clock in the afternoon for their second shift of taxi services The bulk of their working day was spent supplementing their income while their departments were economically stagnant Moreover, it was alleged that some of these members owned the taxis

As revealed in later developments, the reluctance of the panel-beaters and mechanics to share their income with other members, their request for permission to supplement their income, and the financial difficulty of these departments were intricately linked. Their taxi operations were a far more lucrative activity than brickmaking and/or building Under the guise of supplementary income these operations provided the panel-beaters and mechanics with an independent income on which no one else could lay claim It was thus in their material interests to

have each department responsible for its costs This way, they did not contribute to LE's revenue even though they used space rented by LE, nor did they share their supplementary' income with other departments Instead, they were sole beneficiaries of income generated from their taxi operations

Their proposal that each department take responsibility for its own costs which included R500 monthly rent, R100 weekly administrative costs and wages, was accepted It was not clear, however, how and by whom this decision was made Mr Langa in his capacity as manager of Launisma Enterprises and despite his emphasis on sharing resources with fellow members of one's community, made no attempt to resist either the practices of these departments or their proposal

6.7.2 Financial Crises and Mismanagement

Towards the end of 1987 Launisma experienced financial problems It was not generating sufficient revenue to cover monthly rent and electricity costs By the end of December 1987 it owed R8 000 for rent (instalments for August to November, 1987) and R1 000 for electricity R6 000 was received from a private company in Bellville to pay some of this debt, R4 000 was borrowed from Get Ahead[3] to pay the rent for December 1987 and January 1988 A further R4 000 was borrowed from someone to pay the rent for February and March 1988

Furthermore, around mid-1988 the building construction department lost R3 000 on a construction project in Stellenbosch and R4 440 on such a project in Mowbray because members were unable to complete the projects within the stipulated time (Interview 1 4) In addition, a member of this department misused funds to the value of R1 330

By mid-1988 the motor repairs departments were also in dire financial straits As noted earlier, these departments were not generating revenue for LE Instead, earnings from their taxi operations were treated as their personal income on the basis that it was supplementary

6.7.3 The Tables are Turned

On the basis of their apparent financial difficulty as departments, the foremen of motor repairs this time requested that LE revert to their original decision to share all revenue equally among departments In addition, they argued that they were eligible for higher wages than members of other departments since they were skilled Their proposal was accepted

According to Mr Van der Westhuizen, the acceptance of this proposal was partially influenced by LBC's suspicions about motor repairs taxi operations and its attempts to gain control over the flow of income and

[3] An American development agency linked to an organisation called Build a Better Society

expenditure in the latter departments (Interview 1 6) Instead of gaining such control, however, the brickmakers ended up subsidising rental, administrative, and additional wage costs for the motor repairs enterprises This situation arose partly as a result of the unequal power relationship between the unskilled brickmakers and the panel-beaters and mechanics who claimed to be skilled and were able to bargain for higher wages A further factor was the history of subsidisation of brickmakers by the latter departments in the initial stages of the project It would be seen as unjustified for LBC to refuse financial support to other departments even though the amounts involved were to cripple the enterprise

Moreover, the ideological context of sharing rather than privately accumulating resources, though sidestepped by other enterprises, was a key factor influencing the brickmakers' 'non-opposition' to this proposal Contributing to their silence about their suspicions was a fear of violence as a form of social control as expressed by the foreman of LBC when encouraged to break away from LE and operate independently

> *Hulle sal jou brand mense die kant is nie soos mense daai kant waar julle bly nie - hulle sal jou brand as jy so iets doen want hulle sal sê jy bedrieg hulle (Crossroads, March 1989)*[4]

This was a clear indication that the history and experiences of township violence in Crossroads influenced behaviour in the cooperative Finally, breaking away from LE would mean no financial support network for the brickmakers when they were in need

The decision to share revenue despite the private income of the panel-beaters and mechanics, and the factors militating against any opposition to their opportunism eventually crippled the LBC By mid-1988 Launisma Brickmaking was in operation for about eight months Its economic activity was facilitated by the R5 000 loan borrowed from the Small Business Development Corporation (SBDC) in October, 1987 for starting capital By this time LBC was able to pay its members an average wage of about R30 per week (Application for loan, September 1989)

Table 2 below shows how much of its income was spent on expenses in other departments and on LE s debts Among these expenses were five months' rent and administration fees for the panel-beating and motor repairs departments, some of the higher wages claimed by the latter, stock supplied to the building construction department and rental arrears The heavy financial responsibility accruing to LBC in these early stages of its operation (October, 1987 to June, 1988) resulted in it suffering a loss of about R24 700

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[4] They will burn you [literally] people who live here [blacks] are not like those where you live [whites] they will burn you if you break away and form an independent enterprise because they will see this as a betrayal on your part (Mr Chilibe Crossroads, March, 1989) The fear of being burnt is related to the violent burning of people s houses and shacks during the township violence in Crossroads in the 1980s, especially during the battles between the witdoeke of Ngxobongwana and the comrades of the progressive resistance movement

Table 6.2 'Subsidies'in Rands from Brickmakers' Revenue in 1988

	Repairs[1]	Build	LE Debts	Total
Rent and Admin fees May to Sept	6 000[2]			
Other expenses	7 700[2]			
Higher Wages	8 100[2]			
Bricks and Blocks		6 000[3]		
Rental Arrears			5 000[4]	
Total	21 800	6 000	5 000	R32 800

Notes
1 Repairs refers to both panel beating and mechanics departments
2 Source General Meeting 12 October 1989
3 Source Auditor s report, 28 February 1989
4 Source Interview 1 4

These and further developments suggest that Mr Langa engaged in contradictory managerial practices which were clearly not in the interests of the brickmakers

6.8 Launisma Enterprises Joins the Unemployed Workers' Movement

It is clear that LE as a whole was confronted with a financial crisis by mid-1988 In July 1988, it joined the Unemployed Workers' Movement (UWM) This was when it nominally became a cooperative Judging from the financial state of the enterprises, the unequal access to and distribution of financial resources and the mismanagement of these severely scarce resources, it is safe to assume that among the reasons for the affiliation with the UWM were the need for an outside agency to assist in resolving the internal problems in LE, and to facilitate access to further financial resources in the form of loans and/or aid

6.8.1 Relationship with the Unemployed Workers' Movement

The UWM was a working class political organisation formed in 1984 and concerned with organising the unemployed. By 1988 it merged with the Western Cape affiliate of the National Unemployed Workers' Coordinating Committee (NUWCC), was renamed the Western Cape Unemployed Workers' Union (WECUWU) and became an affiliate of the Congress of South African Trade Unions (COSATU)

Among its key activities were organising anti-scabbing campaigns and raising funds to support strikers As part of organising the unemployed, this relatively young organisation itself still in formation, initiated and supported producer co-ops in an attempt to create employment and so mobilise its members However, it had little experience with co ops and

cooperative development Its interest in co-ops as means of employment creation stemmed from its socialist ideology reflected in its key demand 'work for all" or a 'living unemployment benefit" which implied full maintenance of the unemployed by the state (Interview 1 7)

The organisation was financed with grants from Social Change Assistance Trust (SCAT), a local funding organisation By mid-September, 1990, however, SCAT withdrew its financial support for the unemployed leaving the UWM in a financial crisis Among the reasons were mismanagement of funds by some organisers of the unemployed and changes in SCAT's policy and aims The latter included its withdrawal of support for cooperatives (Interview 1 7)

The relationship between Launisma and the UWM was one of mutual dependency The UWM depended on Launisma as a means of mobilising and expanding its membership while Launisma depended on the organisation's access to financial aid In the context of the general practice of providing aid to co-ops in South Africa, the UWM was in some way pressurised to act accordingly if it were to gain favour with the enterprises Under these pressures it provided some financial assistance to LE in the form of grants and loans from SCAT This relationship of financial dependency was an obstacle to promoting self-reliant enterprises

Furthermore, the Cooperative Coordinating Committee (CCC) of the UWM was intended to serve as the representative structure of affiliated co-ops This committee comprised representatives from all affiliated co ops, the two co op coordinators employed by the UWM and a voluntary co-op advisor, Mr Van der Westhuizen Its key functions were to provide for the financial and technical needs of co ops and to ensure that they functioned democratically

This structure was, however, riddled with weaknesses and for this reason was often criticised by the co-ops The CCC lacked the basic infrastructure required to service co-ops co-op coordinators were not skilled, it had no funds and no transport It had no coherent policy and practice on co-ops and responded on an *ad hoc* basis to problems as they occurred This contributed to its inability to implement decisions The CCC generally engaged in crisis management from one problem to the next and contributed little to democratisation and viability in the co-ops

This mutual dependency and the structure of the CCC, though not representative, showed that the power relationship between Launisma and the UWM was slightly different from the typical co-op/service organisation relationship Generally, co-ops linked to service organisations find themselves in a subordinate position with no provision for their representation at ***any*** level The dominant position of service organisations can be attributed to their access to and control of financial and technical resources, the key needs of co-ops The UWM, on the other hand, had few financial and technical resources This had clear implications for its capacity to support co ops effectively In times of financial need on the part of the co ops, the balance of power tended to shift slightly in favour of the UWM However, in the presence of countless more well endowed service

organisations and/or foreign donor agencies which were generally more than willing to provide aid (for example, British Council, US Embassy, World Vision) it was very difficult for the UWM to win this balance

6.8.2 The Unemployed Workers' Movement versus the Power Structure of Launisma Enterprises

In September 1988 the UWM staff and voluntary advisor confirmed the mismanagement of financial resources in favour of the panel beating and motor repairs departments discussed earlier The UWM suggested financial and administrative separation of each department including separate leases for each (Minutes of meetings attended in September 1989) This suggestion which essentially entailed the restructuring of power relations in LE, was effectively countered by the chairperson and lessee, Mr Langa

> *the force was too overwhelming against any such ideas [suggesting the restructuring of Launisma] and Tata Langa was the big force against [this suggestion] We had a few meetings in which Tata Langa, in a very efficient way, sunk any attempt to suggest a restructuring of the co op (Interview 1 6)*

Furthermore, several attempts by Mr Van der Westhuizen to obtain the financial records of LE in order to evaluate the use of revenue generated by the various departments were unsuccessful because LE refused to give him access to the relevant records (CCC meeting, 30 November, 1988) Attempts by the UWM to curb financial mismanagement proved inadequate against Mr Langa's power and influence Furthermore, his resistance to the UWM's suggestion for restructuring LE from financial and managerial interdependence among the departments to effective independence was a clear indication of his interests in maintaining control over all enterprises comprising LE

As manifested in the continued mismanagement of income generated by LBC indicated below, the UWM was powerless in the face of Mr Langa's patronage, his contradictory managerial practices, brickmakers' fears and the internal divisions among members

6.9 The Tables Remain Turned

In an attempt to save the LBC from its financial predicament the UWM approached Social Change Assistance Trust (SCAT) around August/September, 1988 for a loan of R20 000 to provide financial capital and additional equipment for the enterprise SCAT provided a R7 000 interest free loan payable in R200 monthly instalments as from November 1988 This capital and a ready market for cement bricks and blocks facilitated the profitability of LBC at the time Total sales from September

to mid-October 1988 amounted to R 15 817 After subsidising other departments' expenses once again, however, the surplus for this period amounted to R 145 (General Meeting, Crossroads, 12 October, 1989)

By mid-October 1988 further disagreements over the unequal distribution of financial resources emerged in LE precipitated by the recurring problem of rental arrears As from September 1988 a change in ownership of the premises was accompanied by a rent increase to R2 150, and an interest of R24 on late payments This time the brickmakers, influenced by the UWM's suggestion, proposed that each department take responsibility for their own finances as was decided in October 1987

This proposal was justified by the severe imbalance in LBC's expenditure on wages for panel-beaters and mechanics and those of its own members Table 3 below clearly shows that by mid-October 1988 the panel-beating and motor repairs departments were receiving more revenue in terms of wages than they were generating

Table 6.3 Income Distribution in Rands: September to mid-October 1988

Department	Wage Bill	Income Generated
Panel Beating	3 500	2 487
Motor Repairs	4 600	2 133
Brickmaking and Admin	6 100	15 817

(Source General Meeting, Crossroads, 12 October 1988)

An examination of the five week period from September 1988 to mid-October 1988 shows that LBC's members earned about one third of the average weekly wage of panel-beaters and mechanics These two departments, however, each generated only about 15% of the total income earned by LBC over the said period These vast discrepancies were a clear indication of the degree of financial mismanagement in LE

6.10 Aid Diffuses the Problem and Nothing Changes

A decision about the LBC's proposal was postponed (General Meeting, Crossroads, 12 October, 1988) In the meanwhile, a loan of R20 000 obtained by LE from Mobil Foundation[5] to cover some of their debt diffused the interrelated issues of rental arrears, the interdependence of enterprises and the severe maldistribution of income This loan provided a further reason to postpone and avoid a decision about the brickmakers' proposal (General Meeting, Crossroads, 12 October, 1989)

By March, 1989 Launisma once again faced rental arrears and a general financial crisis Its debts stood at about R14 000 Furthermore, the brickmakers received no wages since December, 1988 and the new landlord gave LE notice to vacate the premises by March, 1989 (CCC meeting, Crossroads, 1 March, 1989) In response to this financial crisis

[5] The UWM was unaware of this loan

and to increased rents, LE found cheaper premises in Philippi (an enclosed vacant plot without roofing) at R1 300 monthly with an exemption from the first monthly payment Mr Langa signed the lease and the first rent was paid on 15 March 1989 (Visit to Launisma, Crossroads, 15 March 1989)

In the face of this crisis, the UWM's suggestion to form a Commission of Inquiry into the Economic Viability of all its co operative affiliates, including LE, was accepted (CCC meeting, January, 1989) The Commission included a specific inquiry into the lack of wages in LBC The latter was, however, unsuccessful because LE refused to make the relevant information accessible Furthermore, while the commission persisted with its suggestion of financially and managerially separate departments, Mr Langa persisted with his resistance to such restructuring

By this time the brickmakers had again approached SCAT for a loan Based on the Commission Report, one of the conditions set by SCAT was that the brickmakers sign the lease for the vacant plot of land at the time leased to Mr Langa (Interview 1 6) The foreman of LBC, Mr Chilibe, accepted this condition and the lessee for the plot was legally changed in the names of the brickmakers This meant the independence of LBC from LE Once this condition was met, however, SCAT did not provide the brickmakers with funds (Visit to brickmakers, 3 November, 1989) This last minute withdrawal was probably linked to SCAT's process of ending its support for cooperatives Nevertheless, it placed the brickmakers right back where they started unemployed and destitute

Thus far I have shown how Launisma Brickmaking moved from one crisis to the next constantly trapped between destitution, the opportunism of its fellow LE members and the contradictory practices of its manager Some of the main external factors which help explain this chronic state of crisis are a severe shortage of funds and resources in general, a consequent dependence on aid and a very limited and seasonal market This severe scarcity of resources, however, set the stage for several internal factors which contributed to these crises These included mainly the structure of managerial and financial interdependence combined with the system of patron-client relationships and fear as a mechanism of social control This combination of factors locked the brickmakers into subordination and powerlessness and facilitated the mismanagement of their income leaving them trapped in a cycle of poverty In addition, as mentioned earlier, there was the ideology of sharing rather than privately accumulating resources However, as indicated by the private operations of some members of LE, this ideology operated selectively A further internal factor contributing to the general failure of LBC as a co-operative was embedded in its members' conceptions of a cooperative I proceed to deal with co-operative consciousness in this enterprise

6.11 Cooperative Consciousness

Mr Langa had a romantic conception of cooperatives expressed in terms of the political rhetoric of black people (as opposed to whites) working together and sharing the benefits of their labour

> *Before capitalism we [black South Africans] worked together in the villages but that tradition is gone now because of the white tradition (Minutes of Meeting 12 10 88)*

Despite his experiences of violent political battles within the Crossroads community, he denied the divisions and power relationships at play among black people in various social contexts including cooperatives, as shown in this case study Furthermore, he tended to emphasise the power of producers and broader political aspects such as relationships of the enterprise to the immediate community and the state

> *The capitalist factory has a boss [who] just stand[s] up and tell[s] you to produce two hundred bricks before lunch And you must work hard to produce [this target] [The boss pressurises one to work] In the co-op if he [the producer] feels he cannot produce such a production [reach such a target], he [can] go back to the customer [and request an] extension*
> *The co-op does not belong to Mr Langa It does not belong to the people in the co-op only The co-op is for the community at large Everyone in the community is a member of the co-op When you join the co-op you come just with your ideas and your labour [power, not your money] money is power*
> *The [future] government must provide equipment, accommodation and pay for electricity [for co-ops] (Interview 1 1)*

The economic goals of a co-op had no place in Mr Langa's conception The destitute, however, cannot feed on politics Broader political relationships in the absence of economic return are not the basis for successful cooperative production

His conception of cooperatives was, however, different from that of some brickmakers who emphasised the role of the co-op as a means for material survival These differences in emphasis and perception can be attributed to the respective positions occupied by Mr Langa and the members under his leadership both in the enterprise and in broader society As manager of LE and political leader in the local community, the co-op served as a power base for Mr Langa For some brickmakers all of whom were destitute and unemployed LBC was simply one among other survival strategies The quotations below, though not representative of all LBC's members, give one some indication of members' ideas

1) The co-op is very important because it helps the people when the people got no food, no everything they [co-ops] try to make the people go without heavy pains they [community leaders like Mr Langa] try to take the [black] people and show them the way of life without the white people
[When explaining to new members what a co-op is] I say we got the place where we are working and after we are working we sell [the products] so that money can help us If we can't sell, we wait until our stock is going until we got money We wait maybe two weeks without having pay after that we got money we pay (Interview 1 2)
2) A co-op is a group of people who try to make some plans for people so that they can live (Interview 1 3)

These members emphasised immediate, daily survival with little conception of the long term success of LBC as both a cooperative and an economic unit This implied that if survival could be ensured through less demanding means such as constant injections of development aid or less cooperative practices the co-op as such was less, or not at all important

Furthermore, the foreman of LBC, Mr Chilibe, gave an interesting account of the state of co-op consciousness among members while at the same time revealing his own conception of a co-op

The people that they get to work for the co-op do not know about the co-op If they come here and they want a job, they want money at the end of the week So if they don't get paid at the end of the week they don't understand what this whole thing [the cooperative] is about This is a problem People leave and look for jobs elsewhere, that's why you see different faces all the time
The main aim of Launisma is to function as a co op But the people who don't know anything about a co-op are the actual people who change the principle of working in that way
They [Launisma founder members] try to tell them [new and general members] in meetings about how a co op works and what it is all about The only problem is when there is no money Because when they discuss it in meetings they do understand how a co op should work But now the problem comes when there is no money (Interview 1 4)

An important aspect of Mr Chilibe's conception was that one did not necessarily get paid at the end of a working week In one of the previous quotations from a member the same idea was expressed "we wait maybe two weeks without having pay" According to Mr Chilibe, if producers did not understand that they might not get paid, they lacked understanding of what a co-op was about This idea suggested that working in a cooperative was a commitment over and above an opportunity for effective material

survival thus implying that co-ops are not in the first place successful economic units In my view a co-op has to provide for the material needs of its members beyond temporary survival in order for them to believe in cooperation and in this way begin to form a cooperative consciousness Evidence in support of this view is the fact that members of LBC often left to seek work elsewhere because the co-op was often unable to pay their wages

Members' emphasis on survival, even if only temporary, was directly related to their experience of long term unemployment and destitution Their limited organisational experience including a lack of previous work experience meant that they had no initial frame of reference to cooperation This case study suggests that co-ops may not be the answer to survival for the unskilled, destitute and marginalised unemployed In a context of competition for severely scarce resources, as was the case with Launisma, the practice of participatory democratic cooperation is more difficult

6.12 Conclusion

In the light of Abell's (1981) five principles of democratic organisation, Launisma Brickmaking Co-op ranked low on a continuum of degrees of democratisation Participation in decision-making was absent mainly because of practices of 'non-opposition' in the context of the power structure of Launisma and low levels of education and organisational experience among the general members In the context of an organisational structure inconducive to democracy, the principle of representation through delegation was absent The severe lack of managerial and technical skills resulted in the absence of the quality of special competence Considering that the enterprise had not even begun to fulfill its primary goal, namely, providing for the material needs of its members, and that there were no signs of movement towards more democratic organisation, the principle of efficiency in terms of goal fulfillment was not being met Finally, the absence of participation, representation and competence makes Abell's (1981) fifth principle irrelevant in this case

With reference to Bernstein's (1976) minimally necessary conditions for effective democracy, LBC once again exhibited a very low degree of democratisation Low levels of member-participation in decision-making, the absence of an independent board of appeal and of guaranteed individual rights were testimony to this Furthermore, the absence of managerial expertise left little information to be shared Even in the presence of such expertise, low levels of education among the members and the lack of means to address this situation constituted barriers to effectively sharing information about enterprise operations

The limited economic results of Launisma Brickmaking were a clear indication to its members of the effects of their efforts In the context of severely scarce and unequally distributed resources within LE, however, these results were unlikely to lead to processes of economic improvement and/or adjustment in these enterprises Finally, members' perception of the

co-op as a survival strategy in the context of their economic destitution precluded the development of traits of a participatory democratic consciousness Their understandable preoccupation with survival hindered the long-term development of Launisma Brickmaking as an economically successful co-op

The material and structural conditions of this enterprise placed severe constraints on its development into a viable democratic enterprise In the light of the absence of all Bernstein's minimally necessary conditions for effective and sustained democracy, I conclude that Launisma Brickmaking was unlikely to develop into a sustained participatory democratic organisation

This enterprise exhibited characteristics of both pre-cooperatives and non-viable cooperatives as defined by Brecker (1988) These include the following pre-cooperative features

(a) the need for very basic training in cooperative ideology and practice,
(b) the need for basic skills training and skills provision,
(c) the need for aid and soft loans for nurturing the enterprise and the following features of non-viable co-ops
(a) insufficient management skills and material resources,
(b) not well established production structures and
(c) an incapacity to generate sufficient surplus to sustain its members and/or to invest in expanding production and an inability to plan towards these ends

Launisma Brickmaking is an example of the poor trapped in a cycle of poverty This case study highlights some of the negative implications of aid by showing how it diverted attention from the key factors contributing to the failure of LBC and the poverty of its members These included the financial mismanagement of severely scarce resources and an interdependent organisational structure which was inconducive to democratisation and, instead, perpetuated the power of patronage In addition to these factors, the cultural aspect of respect for elders which helped prevent members from challenging Mr Langa's contradictory practices and their fear of violence played a significant role in keeping them poor and powerless, and hindering democratisation

CHAPTER 7

WORKING WITHOUT A BOSS: MONTAGU CARPENTRY COOPERATIVE

7.1 Introduction

Montagu Carpentry Cooperative (MCC) is an example of an organisationally more advanced co-op in which producers actively challenged racist power relations in the workplace The dynamics involved in its organisational development and in the budding cooperative consciousness of its members are the subject of this chapter Firstly, however, I provide an introduction to the town of Montagu where this enterprise is located This contextualises some of the processes and contests within the co-op at the time of research

7.2 Brief Profile of Montagu

7.2.1 Demography and Political Economy

Montagu is a small town in the magisterial district of the same name in the rural Western Cape It is one of several such towns in the Overberg region of the Western Cape Other towns include Ashton, Barrydale, Swellendam, Zuurbraak, Heidelberg, Riviersonderend, Robertson, Bonnievale, and McGregor A key demographic feature of this rural periphery is the predominance of the coloured population (66% of the total in the periphery in 1990/91) The African population is small (12,3%) but increasing (Cousins, 1993 17)

The magisterial district of Montagu includes the towns of Montagu and Ashton, the African township, Zolani, and farms in the vicinity Table 1 below indicates the predominance of the coloured population (more than 70%)

Table 7.1 Population Figures for Montagu District, 1985 census

	Coloured	White	African	Asian	Total
Montagu	4 246	1 922	32	1	6 201
Ashton	3 318	671	30	0	4 019
Zolani	4	1	1540	30	1 575
Farm pop	4 869	809	166	0	5 844
Total	12 437	3 403	1 768	31	17 639

(Source Central Statistical Services, 1985, cf Cousins 1993)

Although Montagu is situated in a rural periphery, the Table above shows that in 1985 only one third of the population lived on farms This highlights two important features Firstly, in comparison with other regions in South Africa, the Western Cape has a relatively urbanised population (15% rural dwellers compared to a national average of 48%) (Cousins,

1993 17) Secondly, unlike rural areas elsewhere in Africa, this is not an area characterised by peasant production Agriculture in South Africa is highly commercialised, mechanised and capitalised (Marcus, 1989) In the Western Cape, the agricultural labour force is composed mainly of landless coloured workers with no history of peasant production

Montagu is shaped by this context It is an integral part of the political economy of agrarian capitalism in the surrounding rural areas Like many other Western Cape towns, it serves as a source of reserve agricultural labour for times of seasonal demand, additionally, many people are employed in the agro-industrial fruit and vegetable canning enterprises in both Montagu and neighbouring Ashton Some members of Montagu carpentry co op worked in these enterprises

Montagu is also marked by the relationships of economic and political inequality that have shaped the history of the Western Cape countryside This history has meant that the town's coloured people, though numerically predominant, are politically disempowered and economically exploited It is a complex history marked with experiences of colonisation and slavery (Erasmus and Du Toit, 1994)

7.2.2 Slavery

The coloured people of the Western Cape are descended, ultimately, from the contact between indigenous pastoralist Khoi peoples, the white colonists and their imported slaves The institution of slavery had a decisive role in the shaping of Western Cape society Over about 170 years, it entrenched a deep racial division of labour and shaped labour relations Montagu today still bears the scars of this history of economic exploitation and domination (ibid)

Despite the wealth of the region, it provides only few and meagre livelihoods for coloured people Agriculturally, this region is fertile with most land classed as High Potential Agricultural Land - a category that comprises only 4% of South Africa's agricultural land (Lipton, 1993) Though the majority of the population is coloured, land ownership is monopolised by a small minority of wealthy white farmers The key farming activities include wine grapes and fruit for export and canning

Farming is lucrative and labour intensive, and wages are low In addition, formal employment is mainly seasonal both on farms and in agro-industries (Wesgro, 1991 28, 38 cf Cousins, 1993 17) The estimated labour force in this periphery (i e people willing and able to work) is 195 000 or 35% of the total population (565 000) The number of people formally employed is estimated at 113 000 or 58%, with the rest either unemployed or engaged in informal economic activity (ibid)

Langeberg Canning in Ashton is the largest agro-industrial enterprise It currently employs about 428 permanent workers mainly from Ashton and up to 2 100 casual labourers at peak seasons mainly from Montagu and Zolani (Cousins, 1993 19) The casual labourers are mainly women engaged in seasonal employment for about four months of the year

The minimum wage paid to casual and unskilled permanent workers is R225 weekly (ibid.). In the 1980s a similar enterprise in Montagu stopped production as a result of a merger. This increased unemployment in the town (ibid.).

In addition to high unemployment and low wages, work is characterised by racist power relations. To work is, inevitably, to work for a white person, which means to work for a *baas* (a 'master', a boss). As illustrated in the quotation below, this experience is generally one of exposure to indignity and humiliation.

> *Na skool het ek werk gaan soek en ek gaan maak toe 'n grap en gaan toe by die blommewinkel in en ek vra: 'Missies, het missies nie vir my werk nie?' 'Wag net gou vir die grootnooi', sê hulle toe vir my....En ek vat toe die werk....Maar in die loop van die week was dit ook nie my fout nie, gaan ek in 'n toilet in, ek kom daar uit, toe sê sy vir my: 'jy mag nie daar in gaan nie. Ons gebruik dit. Julle toilet is oor 'ie straat'.....Diep in my hart het dit my seergemaak.... (Interview 3.5b)*[1].

Interviews with MCC's members and observations of social relationships at work in some of the local supermarkets revealed that coloured workers in most such stores addressed their superiors in the traditional terms of deference typical of the Western Cape's history of slavery and paternalism: *ou nooi* (mistress), *juffrou* (miss), *baas* (master), and/or *missies* (madam). In turn, white employers address coloured workers as *jong* (boy) and/or *meid* (girl). Furthermore, the hierarchy of racial categories has been well internalised by members of the Montagu community.

A further noticeable aspect of everyday life in Montagu is the importance of religion in people's lives. The predominant denomination among coloured people here is protestant. The Dutch Reformed Mission Church plays an important social and political role in the community.

7.2.3 Current Changes

The current transition to majority rule and proposals for restructuring the pattern of agricultural landownership will profoundly change the politics of this region. At this time, however, the nature and outcome of these changes remain unknown. The political context also remains uncertain. With the National Party in a clear majority in this region, it is sure to be a real political force. As such, it will do its utmost to preserve the old structures of power and privilege. In this context, locally based contests over power

[1] "After my schooling I went to look for work. I went to a florist and jokingly asked. 'Madam, does madam have any work for me?' They replied 'Just wait for the mistress'. I took the job. During the week I visited the toilet. So she said to me· 'You may not use that toilet. It is for our use only. Your toilet is across the road'. This was not my fault I felt deeply hurt " (Interview 3 5b)

and authority will be very important In the Montagu Carpentry Co-op, challenges to managerial power and authority generally based on racist power relations in conventional enterprises in the region and in South Africa as a whole, provide an example of such locally based contests

7.3 Overview of Cooperatives in the Overberg

At the time of research there were three producer co-ops and one service co-op in this region Two producer co-ops, Zuurbraak Carpentry Co-op (ZCC) in Zuurbraak, and Montagu Carpentry Co-op (MCC) in Montagu, were operating for about four to five years Cotton Cloud (CC) in Montagu, the third producer co-op, started in November 1988 and Overberg Cooperators' Service Co-op (OCS), in July 1989 These were very young enterprises

ZCC produced chairs from canary pine wood (a hard pine wood) using chair-bodging techniques of the early craft industry The chair-seats were made with woven seagrass. MCC, involved in small-scale manufacturing, produced a limited range of products The predominant product changed with shifts in high-income urban-market demands Previously MCC manufactured toddler furniture on contract for creches At the time of research, the main product was wooden futon-bases convertible into couch and chair bases Other products included deck chairs, compact camping tables, trapezoidal tables, and tables to match the chairs made by ZCC Cotton Cloud produced futon-matresses to complement MCC's futon-bases OCS provided the producer co-ops in the region with essential services like transport, design, and market surveys

These co-ops were structurally independent, but functionally interdependent Each made a product to match that of the other. OCS provided an avenue for marketing these products as single units ZCC had about seven members, two of whom were female MCC had eleven members, three of whom were female. CC had only two female members, and OCS, about three members and a contact person in the field of market research

All these co-operatives were serviced by an organisation called Montagu and Ashton Community Service (Montagu en Ashton Gemeenskaps Diens MAG) I now focus briefly on the relationship between MAG and MCC

7.4 The Relationship between the Community Organisation and Montagu Carpentry Cooperative

Apart from friendly links with other co-ops in South Africa MAG was the only organisation with which MCC had a formal relationship The MAG is an ecumenical community development organisation It was founded in October 1976 by community leaders concerned about alcoholism among the local coloured people By 1989 it was well established and provided

services mainly to coloureds. Although MAG has links with the Dutch Reformed Mission Church, it is structurally independent of the church. Its Christian component and the success of its activities gave the organisation credibility among members of the local community. This made MAG attractive to funders.

MAG had clear principles of self-reliance in its development strategy. This was manifested in its provision of loans rather than grants to co-operatives. This practice allowed members to have complete control over and responsibility for the financing of the enterprise. It facilitated the financial independence of MCC and fostered a relatively balanced power relationship between the co-op and the service organization. Grants usually lead to relationships of dependency. MCC's financial independence also facilitated a more realistic evaluation of its operation as an economic unit.

Despite this emphasis on self-reliance, however, Mr James Taylor, the co-op coordinator, noted that the community perceived MAG as "the giver of everything" (Interview 3.1). In this sense there was a relationship of dependency. This tendency is revealed in MCC's request for a grant which I explore later in this chapter. Furthermore, MCC's free access to managerial skills from MAG contributed to dependency. The establishment of the Overberg Cooperators' Service Co-op (OCS), however, was intended to institutionalise entrepreneurship and managerial skills in an attempt to move away from this dependence on skills and to make them more affordable for all co-ops in the region. This was innovative considering the high market price and scarcity of these skills, and the need for co-ops to have continuous access to them.

MAG had no written policy on co-ops. However, it defined and treated co-ops as primarily economic enterprises owned and controlled exclusively by their members. This fostered a similar attitude among co-op members which had positive implications for the success of the enterprise in delivering material goods to its members.

The relationship between MAG and MCC had two key dimensions: one was contractual based on the loan agreement signed by the co-op; the other was supportive based on the services MAG provided. This relationship was not always easy. MAG's commitment to facilitate the eventual independence of MCC implied a "dynamic and changing" (Interview 3.1) relationship between these organisations:

> *We [the MAG] are only ultimately successful when we are not needed anymore (Interview 3.2).*

Significantly, this dynamic relationship allowed for democratic organisation as an ongoing process involving enterprise adaptation to changing needs. MAG was prepared to change its role with changes in MCC's needs during its development. In this way MCC was ensured of support throughout its initial stages of development.

7.5 Historical Development of Montagu Carpentry Co-op

7.5.1 Initial developments

The co op was initiated at the end of 1985 Three members of the Montagu coloured community approached the MAG for funds to start a carpentry business They were employed for many years as carpenters in local firms owned by white employers and characterised by capitalist and racist social relationships One of them was a skilled cabinet-maker who had no formal carpentry training but several years of experience His reputation later attracted many customers to the MCC, some of whom were the clientele of his previous employer

The MAG responded to this initiative by making available a reasonably soft loan of R24 000 with which some basic machinery was purchased The loan agreement involved payments at 10% interest over about fourteen years, with an initial moratorium of about eighteen months The latter was meant to give the co op a chance to find its feet MCC paid R250 monthly towards this loan

The founder member[2] had very limited managerial skills Mr James Taylor, staff member of MAG responsible for small business development at the time, and later appointed as co-op coordinator, had some experience in carpentry He helped set up the carpentry co-op in Zuurbraak He contributed management, administration, costing, quoting, and other related skills to the newly found MCC The enterprise grew very rapidly in response to demands of the local market

7.5.2 Decline of the Enterprise

Towards the end of 1986 specific problems arose which started the co op on a long, slow and steady decline Firstly, revenue generated in 1986 was paid out in bonuses at the end of that year leaving no working capital for 1987 The amount involved is unknown Secondly, the quality and design of products declined and customer negotiations became a major problem (Interview 3 2)

It became clear that specific skills such as financial planning and customer negotiations were indispensable to a successful carpentry workshop Furthermore, jobs accepted had to be designed and cost individually because the raw materials required differed from job to job If the co-op were to remain in artisanal carpentry production the producers would become dependent on the continuous input of these skills At the time it was unreasonable to expect producers to acquire the skills in the short term, and too expensive to employ someone with the specific skills (Interview 3 1)

In addition to these related problems of financial decline and skills shortage, group dynamics among the co-op members deteriorated The

[2] Two of the three carpenters who approached the MAG for funds lost interest in the initiative leaving the skilled cabinet maker as the founder member

founder member had little understanding of what working in a co-operative entailed This was as new an experience for him as for his fellow members According to Mr Anton Grutter[3], the manager at the time of research, "he saw it as an opportunity to run his own show" (Interview 3 2) This perception and his emphasis on his seniority in both age and skill converged with fellow members' internalisation of age and skill hierarchies This made it difficult for them to challenge his behaviour and so act in their own interests That the founder member was an alcoholic added to these already complex problems Eventually the co-op members parted company with him as he was no longer productive This was a traumatic experience for the co-op as a whole, and yet necessary for its survival

Furthermore, during 1986 the co-op had appointed a member-manager (the first manager) It is not clear when, how, and why this manager was appointed, but it turned out to be an unsuccessful attempt at introducing management skills into the enterprise Early in 1987, this manager was recalled by fellow members as he failed to execute his duties, and acted against the interests of the co-op as a whole The structure of the co operative which enabled members to have control over management, and the method of decision making by a simple majority vote facilitated this process

Although Mr Taylor, the MAG co-op coordinator, guided producers where necessary, he avoided imposing his ideas upon them The process of decline of the co-operative was thus not impeded, instead, it was "allowed to decline" (Interview 3 2)

7.5.3 Appointment of a New Member-Manager

Mr Taylor went on leave and his skills had to be replaced This brought home to producers the necessity for management skills in their enterprise Early in 1987 when the co-op was in dire financial straits Mr Anton Grutter was temporarily appointed as co-op coordinator by the MAG

Later, the predominantly coloured producers of MCC decided to appoint Mr Grutter, who was white, as member-manager of their enterprise This major decision was followed by an important process in MCC's history two days of meetings about the manager's role in the co-operative The process of appointing Mr Grutter came to a head around March and April 1987

The parameters of his role as member-manager within MCC were decided upon collectively These included production planning, product development, customer negotiation, sales, marketing, product delivery and ordering of raw materials Importantly, he was given complete authority in the workshop He did not, however, have the power, held by managers (generally white) in capitalist firms, to "*heers oor die werkers*" (reign over

[3] Mr Grutter was the second member manager of MCC appointed by the co op members

the workers) (Interview 3 2) Furthermore, he was responsible for presenting to members information they required for decisions about the enterprise This included weekly reports on productivity levels in relation to the production target, the state of sales and orders, and the relationship between income and expenditure

The latter was an important and often difficult role Mr Grutter had to facilitate other members' ability to ask relevant questions about information at the same time as presenting the information

> *You need a developed skill to do this especially when talking to people most of whom do not have a conception of what they are expected to do with the information, and do not know what questions to ask (Interview 3 2)*

When producers had problems, including those related to the manager s function, these were raised at fortnightly general meetings or at special meetings for urgent problems Furthermore, co-op members held the right to recall the manager's position in the event of his unsatisfactory performance Finally, as member manager, Mr Grutter obtained his salary from the revenue of the co-operative This in addition to the practices mentioned above facilitated managerial accountability in the enterprise

When Mr Grutter was appointed, the co-operative was still in a process of economic decline His suggestion of a 25% wage reduction was rejected by members A 10% reduction was collectively agreed upon as an attempt to bring the co op onto its feet again For some time after this wage reduction the co-operative went through a lengthy process of keeping its head above water For 1987 MCC s revenue from sales was R59 000 (Income and Expenditure 1987/1988) while the surplus for that year was a meagre R2 800 (ibid) During this time the enterprise lost a significant number of members from thirteen down to four producers and the manager A lengthy process of rebuilding the MCC started This involved a restructuring of the cooperative and also a process of negotiation around Mr Grutter authority Research was conducted in the midst of this process

7.5.4 Shift from Artisanal Carpentry Production to Assembly-Line Production

In response to the related problems of economic decline and skills shortage, and as part of rebuilding MCC, the enterprise shifted from artisanal carpentry to assembly-line production This major structural change in the organisation of production had significant implications for further developments

The shift to assembly-line production was an attempt to (a) adapt the production process to the skill level of most producers and (b) to reduce production costs in an attempt to improve economic performance

In the context of artisanal carpentry production each skilled producer concentrated on a single product with an unskilled producer working as an

assistant This method of production organisation proved to be inconducive to transferring skills effectively, perpetuating the already existing skill hierarchy The shift to assembly-line production involved a division of tasks With this process skilled members were deskilled This provided space for the creation of jobs for the unskilled It meant that the co-operative could expand more easily by including unskilled people in the less skilled processes of production In this way people with limited skills, often needy of work, could be slowly assimilated into the co-operative

With regard to production costs, artisanal carpentry production meant that raw material had to be bought for each job This often meant buying in small quantities and having much wasted material On the other hand, with assembly-line production and the making of several of the same product, raw material could be bought in bulk and wastage reduced This, combined with the production time saved when shifting from artisanal carpentry to assembly-line production, helped reduce costs

The appointment of Mr Grutter as member-manager and the accompanying division of labour decided on in the co-operative, removed producers' dependence on skill input from outside the enterprise In addition, the shift to assembly-line production facilitated their ability to gain control of a major portion of the production process Once a product was developed producers made mistakes in the sample stage of production When these were corrected and a production line setting for a specific product started, they took complete control of the remaining production processes

The shift to assembly-line production was one of ***the*** most significant organisational and structural changes in the development of MCC It marked a move from an individualised artisanal form of work organisation to a more socialised and collective production process This shift facilitated producers' collective control of production

7.5.5 1988: A Year of Success

1988 proved to be successful both economically and organisationally for MCC Revenue from sales almost doubled this figure for 1988 was R96 000 (Income and Expenditure 1988/1989) compared to R59 000 for 1987

The co-operative managed to negotiate three highly lucrative contracts early in this year One of these was with the Department of Education and Training (DET) for the manufacture of toddler furniture for creches This contract amounted to R50 000 and entailed the production of forty-eight sets of furniture with fifteen items in each (Letter from manager, 10 1 90) It facilitated the shift into assembly-line production by enabling producers to manufacture batches of fifteen similar items at a time Production started in April 1988 and the final delivery of furniture was made in November 1988

The second contract was with the Braehead Bishop's Residence in Cape Town for the manufacture of church benches This amounted to R20 000 Production started in September 1988 and was completed in

November of that year (Letter from manager, 10 1 90) This was a challenging job for the co operative in terms of its members' skills, its technology and the need to be creative and adaptable when solving production problems The challenge, however, enabled Mr Grutter to work very closely with producers on the shopfloor in an attempt to do the job well This goal was achieved collectively

> *We managed to get it done and to establish pride in our work which was very important It was very hard and there were times when we really had to 'sukkel' [battle] We often ran into technical problems because we did not always have the appropriate machinery for all the work and we basically had to figure it out for ourselves But we did it and we established that we could rate among the best (Interview 3 2)*

The third contract was with Delaney's, an advertising agency, for the manufacture of deckchairs This amounted to R18 000 Production started towards the end of 1988 and was completed early in 1989

7.5.6 Further Changes to Production Organisation in 1988

The nature of work for the DET contract enabled further significant changes in the organisation of production A clear technical division of labour developed

> *Before every guy would handle a job and he would have one or two people simply assisting him Now we have about five departments in the workshop (Interview 3 2)*

These departments included, in the order of production, the following

a) the heavy machinery department, where parts were cut,
b) the light machinery department, where parts were shaped,
c) the assembly department, where parts were assembled,
d) the sanding department, where weak parts in the wood were filled and where the assembled parts were neatly and smoothly sanded down and,
e) the finishing and packing department, where painting and packing was done

A further change in the production process included a move from hand-painting to spraypainting This was a major technical change New equipment was purchased, a spray room fitted with a ventilator was prepared, and a member in the finishing department was trained in spraypainting

By the end of 1988, the co-operative managed to make a surplus of about R12 000 a portion of which was distributed among the members in the form of bonuses (about R5 000), while the rest was invested in product

development It is clear that the co-operative experienced major developments organisationally, economically, and technically in that year

Looking back on 1988 with regard to member participation and responsibility, however, Mr Grutter thought there were very few changes

> *There was basically one 'oke' [guy] who was the manager, and he told everybody what to do, and they did it (Interview 3 2)*

This scenario changed The reorganisation of the workshop into various departments enabled the allocation of manageable work to the unskilled co-op members The first half of 1989 saw further organisational developments in the co-operative, this time accompanied by increasing responsibility on the part of co-op members In addition to an overall production co-ordinator, a co-ordinator was elected for each department All co-ordinators were working members of the co-op who met weekly to discuss bottlenecks in production and to plan production for the next working week Since producers now organised production themselves, the manager was no longer formally involved in this process This had positive effects for the development of members as responsible and accountable cooperators

> *Seeing people take responsibility and growing in their work has been a positive experience for the co-op we decided that it is not morally right or wrong, not better or worse, but ineffective for everybody to do everything So we delegated particular functions to various people (Interview 3 2)*

7.5.7 New Problems lead to a Second Decline

In contrast to the success of 1988, the co-op experienced economic decline in the first half of 1989 Alongside the above-mentioned positive implications, the shift from artisanal carpentry to assembly-line production precipitated new marketing problems

> *Whereas before we had people come through the front door with work, we now had to go out and sell the products that we made (Interview 3 2)*

Marketing skills were severely lacking in the co op A marketing strategy appropriate to assembly-line production was not adopted in time to allow a balance in production and sales Hence, the decline in sales and related difficulties covering costs Moreover, a substantial amount of production time and much of the surplus of 1988 was invested in product development during the first few months of 1989 As a result, MCC had insufficient financial capital for an extensive marketing campaign

Furthermore, with artisanal carpentry production income was received on completion of jobs With assembly-line production, however, MCC had to focus on stock building This meant spending money on raw materials for products not to be sold immediately causing an imbalance in sales and costs Value produced was in the form of stock rather than sales In addition, MCC sold its products to established commercial furniture dealers which operated on the basis of credit over a period of thirty, sixty, or ninety days The co-op extended credit to these enterprises Consequently, cash money owing to MCC for goods sold was received much later resulting in cashflow problems

In sum, marketing and cashflow problems were the key reasons for this decline Towards the end of the research period MCC was exploring strategies to deal with this crisis

7.5.8 Disagreements over Strategies

The co-op obtained a bank overdraft of R5 000 to make itself more liquid When this measure proved insufficient, Mr Grutter suggested applying for an additional loan from MAG His argument was that the value of stock (approximately R13 000) could be used as collateral for a loan of R13 000 Co op members, however, wanted a grant The manager's suggestion was overridden by a majority vote at a general meeting for a grant

His comment on this was as follows

> *Developmentally this is a very important step because it shows that the manager does not rule the roost I think that we should not go for funding But I have to subject my opinion to the will of the members I view that as development The meeting took a decision with which I did not agree I accepted the authority of the meeting If the meeting at another time rejects someone else's idea, they must know that they must be subjected to whatever the majority decides (Interview 3 2)*

The context of this disagreement is important Unlike workers in a conventional enterprise, all members were acutely aware of the decline of their enterprise through weekly financial reports The reports from mid-May to the end of July 1989 clearly indicated an increasing negative bank balance despite wage cuts over the past seven months. In addition, living costs were rising This was the first time MCC's members faced this situation

> *It is hard for them I have had to deal with this type of stress before, but they are learning it now (Interview 3 2)*

Moreover, their lack of experience with credit facilities augmented their request for a grant rather than a loan

1) Die mense kan dit nie bekostig nie (Interview 3 4)[4]
2) Ons skuld hulle nog vir 'ie masjiene; ons nog 'ie klaar 'ie Ons skuld 'ie bank Ons kan nie nou meer diep in 'ie skuld 'ie Hoe gaan ons hierdie skuld uitkom? En hoe gaan ons vorentoe gaan? (Interview 3 6)[5]
3.) Most members do not have experience of credit - they do not want to owe so much money (Interview 3 2).

Contact with other cooperatives in South Africa, the majority of which depend on large grants, also influenced members' partiality to this form of assistance The vote for a grant was not a step towards self-sufficiency and viability. It did, however, indicate tensions between expectations on the part of MAG and the co-op members respectively These disagreements were indicative of MCC's growing pains

The motivation for a grant proved to be very difficult in the light of MAG's policy on financial assistance to cooperatives Eventually, MCC applied for two loans one of R13 000 with stock as collateral and a second of R12 000 without collateral. The latter was motivated on the basis of rapidly increasing living expenses and the need for capital to build a more stable enterprise.

Considering the need for growth and the potential marketability of MCC's products these loan applications were realistic Most successful economic enterprises operate with certain amounts of debt for the purposes of financial capital required for the growth Furthermore, in the light of MAG's responsibility for facilitating the establishment of MCC, it was more responsible for the service organisation to provide the co-op with a substantial loan

Dit is vir my meer onverantwoordelik om te min geld te leen vir 'n co-op as om geen geld te leen nie (MCC Meeting: July 1989) (Interview 3 1)[6]

The outcome of these loan applications is, however, not included in this work

7.6 Tensions around the Management-Producer Relationship

The introduction of management skills into the co-op was a positive development providing much needed skills and independence from outside sources of skill However, the appointment of a member-manager who held

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[4] "The members cannot afford to have credit" (Interview 3 4)

[5] "We still owe the MAG for the machines, we have not yet settled this debt We owe the bank money We cannot afford to enter into deep financial debt now How will we settle this debt? And how will we progress?" (Interview 3 6)

[6] 'In my opinion, providing an insufficient loan is more irresponsible than providing no loan at all" (Interview 3 2)

authority in the workplace introduced a complex relationship into the co-operative.

This relationship was further complicated by the fact that the manager was white while all members (except one who was African) were coloured. This introduced an element of inequality - one that producers felt bound to challenge. Consequently, tensions arose in the workplace. These were expressed by some members as follows:

> *1.) Ek sou sê dat Anton 'n goeie bestuurder is. Hy het baie sterke deursettingsvermoë. Hy werk baie hard. As jy 'n probleem het - al is dit ook hoe simpel - sal hy jou sy volle aandag gee. This member expressed the following problem: As hy wil hê dit moet so gaan, moet dit so gaan. As jy nou met iets besig is, en hy wil hê jy moet iets doen, dan verwag hy dat jy nou moet los wat jy doen (Interview 3.5a)*[7]
> *2.) Anton is die bestuurder van MSK nê, maar die meeste van die tyd wil hy soos 'n baas optree. Want as hy gesê het spring, dan moet ons vra hoe hoog. A positive comment by this member was as follows: Daai iets wat 'n leier moet het, het Anton een baie sterk kenmerk, en dit is mensekennis. Hy weet net hoe om, as ons nou nie miskien lekker voel nie, hoe om ons op te beur (Interview 3.5b)*[8]
> *3.) Anton is 'n goeie man op 'ie job want hy kan nie rus 'ie. Hy werk dag en nag. Hy werk hard - hy bring 'ie geld - hy bring 'ie job.....Nou ek sien Anton het die goeie kante in hom. Maar hy speel daai baas kant. Byvoorbeeld, as ons hier nou werk, as hy iets sê, dan wil hy hê jy moet luister na hom. Ander ding, hy wil hê dat ons werk soos hy wil (Interview 3.6)*[9]

To some extent these tensions were negative. Members' perceptions of the manager's execution of his role were shaped by their perception of him as 'white'. They were suspicious about him, and sometimes this gave rise to defensive responses to legitimate problems raised by the manager. This further complicated the management-producer relationship causing often unnecessary stress on the manager, and blocking effective communication between him and the members.

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[7] "Anton is a good manager. He works hard and perseveres If you have a problem, no matter how simple, he will give you his full attention He does, however, want his way If you are busy and he wants you to do something, he expects you to leave what you're doing immediately" (Interview 3 5a)

[8] "Anton is the manager, but most of the time he acts like a white boss If he says "Jump", we have to ask "How high?" Nevertheless, he has the quality a leader needs most, namely, knowledge of human nature/compassion He knows how to cheer us up when we don't feel so good" (Interview 3.5b).

[9] "Anton is good at his job He does not rest He works day and night He works hard He brings money/income and work. He has good qualities But he plays the role of a white boss. For example, if he speaks while we are working, he wants us to listen immediately And he wants us to work according to his wishes" (Interview 3 6)

This was exacerbated by the uneven spread of the stress/responsibility for the co-op's economic success or failure. As in most capitalist enterprises, most of this responsibility was carried by the manager. Even as workers challenged what they perceived as his paternalist attitude, they tended to assume that the manager is ultimately responsible for the economic failure or success of the enterprise. These conflicting attitudes towards the task of management converged in the co-op, causing a specific tension around responsibility.

But these tensions also had very important positive consequences. It kept members on their toes with regard to the manager's activities and his attitude toward them. In this way, it initiated a continuous process of negotiation around authority, inequality, and how best to execute work. Members engaged in a continuous re-definition of the manager's authority. This ultimately contributed to their empowerment, and contradicted the generally assumed management prerogative in capitalist firms.

Clearly, some kind of authority was needed. But these tensions could only be resolved if the workers and the manager could negotiate a new kind of authority - one based, not on paternalist *baasskap*[10] but, instead, on a shared commitment to a common goal.

7.7 Challenges to 'Baasskap': The Development of Cooperative Consciousness

One of the main reasons why people formed and joined MCC was their common experience of racial discrimination in their previous work environments. Their resentment of such discrimination had a marked effect on both their initial frame of reference to co-operation and their definition of MCC as a co-operative. The quotations below show how some of MCC's members experienced the difference between their previous employment and work in the co-operative.

> *1.) By Langeberg werk jy onder 'n baas. In die ko-operatief is jy op jou eie (Interview 3.3)*[11].
> *2.) Ek het by die Langeberge gewerk. Nou daar, as jy nou net toilet toe gaan of so dan word jy uitgeskel.....Nou skel die boere ook nog! Maar hier, jy werk vir jouself; jy word nie rondgeshout nie (Interview 3.5a)*[12].
> *3.) Na skool het ek werk gaan soek en ek gaan maak toe 'n grap en gaan toe by die blommewinkel in en ek vra: 'Missies, het missies nie vir my werk nie?' 'Wag net gou vir die grootnooi', sê hulle toe vir my....En ek vat toe die werk....Maar*

[10] 'Baasskap' refers to work and other hierarchical relationships based on race

[11] "At Langeberg [Canning Factory] you work under a white boss. In the cooperative you are on your own" (Interview 3.3).

[12] "I worked at Langeberg [Canning Factory]. There, you are shouted at when you visit the toilet And the 'boers' have the audacity to shout at you! Here [in the cooperative] you work for yourself, and you are not shouted at" (Interview 3 5a)

in die loop van die week was dit ook nie my fout nie, gaan ek in 'n toilet in, ek kom daar uit, toe sê sy vir my: 'jy mag nie daar in gaan nie. Ons gebruik dit. Julle toilet is oor 'ie straat'.....Diep in my hart het dit my seergemaak.....In die MSK voel ek baie gelukkig (Interview 3.5b)[13].

4.) Die verskil is toe ek in die stad was, jy het vir 'n baas gewerk. Die lekkerste is om in die MSK te werk omdat hy nou 'n ko-operatief is. Jou kennis kan jy verskriklik uitbrei.....In die private sektor besit die baas die brein want anders kan hy nie die besigheid bestuur nie. Hy sê wat word gemaak. Jy is onder bevel in die private sektor, en jy is nie onder bevel in die MSK nie (Interview 3.4)[14].

5.) Geen baasskap is mos daar in die ko-operatief nie (Interview 3.7a)[15].

The experience of *baasskap* was predominant among most members of the MCC. By comparing work at the Langeberg Canning Factory, for example, with work at MCC, members developed a conceptualisation of the latter as ***different*** work. Contrasting present with previous work experiences was important in the growth of a critical consciousness - a rejection of *baasskap*. Shared negative experiences of racial discrimination and white authority among most of MCC's members contributed to their solidarity, their commitment to work co-operatively, and to the meaning that the co-op had for them.

For most members the key feature of a co-op was that it did not have a *baas* and that it gave them independence:

1.) 'n Co-op het nie 'n baas nie en het nie 'n beperkte ledetal nie. Jy werk vir jouself. Jy kan uitbring wat op jou hart is wat jy nie in die private sektor kan doen as jy vir 'n baas werk nie. Jy kan nie vir hom sê ons moet nou so en so maak nie want jy sal nie gehoor word nie. Want wat die baas sê is wet. En as daar 'n probleem is luister hy na jou maar hy luister nie met 'n vol oor na jou nie. Dit gebeur nie in 'n co-op nie - as jy praat het jy 'n stem - en jy is geregtig op daai stem....En 'n mens kan

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[13] "After my schooling I went to look for work. I went to a florist and jokingly asked: 'Madam, does madam have any work for me?' They replied 'Just wait for the mistress'. I took the job. During the week I visited the toilet So she said to me: 'You may not use that toilet It is for our use only Your toilet is across the road'. This was not my fault I felt deeply hurt ..In the MCC I feel happy" (Interview 3 5b)

[14] "When I worked in the city I worked for a white boss It is enjoyable to work at MCC because it is a cooperative. You can expand your knowledge here. In the private sector the white boss possesses the brain otherwise he cannot manage the business He decides what should be produced You are under command in the private sector, and you are not under command in MCC" (Interview 3 4)

[15] "There is no white authority in the cooperative" (Interview 3 7a)

die MSK 'n ko-operatief noem omdat daar is 'n gevoel dat daar nie 'n baas is nie (Interview 3.4)[16].
2.) Hoe ek 'n ko-operatief sien is, niemand is baas nie, elke lid het 'n stem. As daar 'n probleem is dan los ons dit saam op. En net die lede van die ko-operatief behartig die sake van die ko-operatief omdat hulle nou daar werk (Interview 3.3)[17].
3.) Ko-operatief is van die mense. Ko-operatief sit ons op 'ie pad van 'ie struggle. Daar is 'ie 'n baas 'ie - ons probeer self (Interview 3.6)[18].
4.) Kyk, in 'n ko-operatief werk jy nie onder 'n baas 'ie; jy is op jou eie (Interview 3.7a)[19].
5.) Ons het 'n bestuurder maar nie 'n baas nie (Interview 3.5a)[20].

MCC's members arrived at this definition through their experience in MCC. Their practical activity in an attempt to eliminate *baasskap* in their workplace gave their experience meaning.

Although the absence of *baasskap* was predominant, other factors also contributed to their conceptualisation of MCC as a co-operative. Among these were the recognition that they had a voice in MCC and the space to take initiative.

Some members emphasised team work:

As 'n span moet 'n mens kan saamwerk in 'n ko-operatief. As een span moet jy kan baie idees self kan gee in die ko-operatief. Die idees moet van die span self af kom. As daar nie kan spanwerk wees nie dan ly produksie daaronder (Interview 3.3)[21].

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16 "A co-op does not have a white boss and it does not have a limited membership. You work for yourself. You can voice your grievances - something you cannot do in the private sector if you work for a white boss. You cannot express your opinion because you will not be heard Because, what the white boss says is law. And, if there is a problem, he listens to you, but not with his full attention. This does not happen in a co-op. If you speak, you have a voice and you are entitled to that voice. And, one can call the MCC a cooperative because there is a feeling that there is no white boss" (Interview 3.4).

17 "The way I see a cooperative is that nobody is a white boss/a single authority figure, every member has a voice. And if there is a problem, we solve it collectively. And the members manage the affairs of the cooperative because they work in it" (Interview 3.3).

18 "Cooperatives are of the people. Cooperatives set us on the road of struggle. There is no white boss We make our own effort/we try on our own" (Interview 3.6)

19 "Look, in a cooperative you do not work under a white boss, you are on your own" (Interview 3.7a).

20 "We have a manager but not a white boss" (Interview 3.5a).

21 "As a team you must be able to work collectively in a cooperative. As a team you must be able to contribute ideas in the cooperative. The ideas must come from the team itself. If there is no teamwork, production suffers" (Interview 3.3).

Others stressed the importance of the enterprise in the community:

1.) Ons wil self ons gemeenskap probeer opbou (Interview 3.5a)[22].
2.) Die MSK se goeie punte is dat hy verskaf werksgeleenthede vir die mense in die gemeenskap. Ons wil mense oplei sodat hulle hul kennis kan verbreed (Interview 3.4)[23].

Sharing in both the profit and loss of the enterprise and taking responsibility for work also formed part of members' conceptualisation of the MCC:

1.) Ons werk op ons eie daar, jy sien. As ons miskien nie ons tyd reg bestee om ons produkte te maak nie, jy sien, dan is dit van ons eie tyd wat ons mors en ons eie geld wat ons mors. Daarom voel ons as daar werk gedoen moet word, dit moet gedoen word - en as daar rustyd is dan is daar rustyd (Interview 3.3)[24].
2.) Die werk wat ek nou kry weet ek dat ek dit moet doen. Hy [the manager] gaan nie meer op my kop sit nie om te sê dit moet so en dit moet so. Ek weet ek moet dit doen (Interview 3.5a)[25].
3.) As 'n mens onder druk werk is jy seenuweeagtig en jy kan nie lekker werk 'ie. Jy voel vry om jou werk te doen [in the co-op]. Die feit dat jy nou respek het vir jou werk - jy voel 'dit is myne' (Interview 3.5b)[26].
4.) Jy hoef nie iemand moet jou stoot agter jou nie. Jy sien self hoe gaan jy maak. Die werk hang by jou. Jy moet self moeite maak (Interview 3.6)[27].

These factors show that the process of conceptualising MCC as a co-operative did not occur exclusively through members' negative definition of it - *daar is 'ie 'n baas 'ie*[28]. Instead, they knew how their enterprise

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[22] "We want to try developing/improving our community ourselves" (Interview 3 5a).

[23] "The MCC's good point is that it provides employment opportunities for people in the community. We want to train people so that they can expand their knowledge" (Interview 3.4)

[24] "We work on our own there, you see If we do not spend our time productively, it is our time and our money that we waste. That is why we feel that work to be done must be done - and rest periods are rest periods" (Interview 3.3).

[25] "I know that the work I receive must be done The manager no longer dominates me by saying it must be done this way or that I know I must do it" (Interview 3.5a).

[26] "If you work under pressure you become nervous and cannot work well You feel free to do your work in the co-op because you respect your work - you feel 'it is mine'" (Interview 3 5b).

[27] "You do not need anyone to push you You figure it out for yourself The work depends on you You must make an effort" (Interview 3 6)

[28] There is no white boss

differed from a *baasskap* This helped define new forms of authority at work

Here the work of Bate and Carter (1986) (reviewed in detail in Chapter 3) is of significance Their distinction between ideational' and ideological' factors involved in people's predisposition to form and join co ops is helpful One of the primary 'ideational' factors in MCC was members' common experience of racial discrimination in their previous work environments Their resentment of such discrimination had a marked effect on both their initial frame of reference to co-operation and their definition of MCC as a co-operative

7.8 Conclusion

MCC's organisational structure facilitated democratisation by attempting to build an alternative to the dominant culture of authoritarian work relationships The system of elected departmental coordinators facilitated delegation of authority and responsibility to the producers Structural change in production organisation from artisanal carpentry to assembly-line production contributed to developments in the division of labour both in production and decision-making This change allowed for increasing producer participation in and control over the affairs of the enterprise Mechanisms ensuring members' control over management and management s accountability also facilitated democratisation

The rejection of *baasskap* among most members and their assumption of responsibility for their work engendered a sense of solidarity and collective commitment to the enterprise as an alternative workplace Finally, the dynamic relationship between the MCC and MAG made room for democratisation in the enterprise

All these factors, in addition to members' high skill levels, the high quality and uniqueness of the products, and MCC's ability to generate its own income contributed to the potential viability of the co-op at the time The marketing and cashflow problems were signs of enterprise growth rather than non-viability

Moreover, Table 2 below shows that wages earned in the co op compared relatively favourably with wages in other cooperatives in South Africa at the time, and in other possible employment opportunities in the area

Table 7.2 Comparative Wage Figures

Type of Work		Monthly Wage in Rands
1	Experienced MCC members	400
2.	Inexperienced MCC members	240
3	Average in other co-ops in South Africa	144
4	Minimum for casual and unskilled permanent workers in agro-industries	450
5	Average for permanent workers in agriculture	350
6	Average for seasonal farm workers	131

Sources and Notes:
Figures 1 and 2 are wage figures for 1989 after the 10% wage reduction
Figure 3 is cited from Philip, 1988: 146
Figure 4 is calculated from the estimates given by Cousins, 1993: 19
Figure 5 is calculated from the average annual wage reported by Hamman, 1992 cf Cousins (1993: 18).
Figure 6 is calculated from the average annual wage reported by Hamman (in Cousins 1993. 18) This annual average (R523) was divided by 4, roughly the number of months worked by seasonal employees per year.

These comparative wage figures are significant when considering that MCC's members joined the co-op not only for ideological but also for material reasons. Clearly the MCC was serving its members material needs favourably in relation to other sources of income as well as providing an alternative work environment.

In the light of Abell's (1981) five principles of democracy, MCC reflected a relatively high degree of democratisation. This was manifested in widely practiced member participation in the co-op's affairs. The delegation of specific tasks and decisions to the manager and department coordinators was in tandem with Abell's principles of representation and special competence. Furthermore, principles of efficiency and meta-democracy were relevant in this case. Members' decisions about problems facing the enterprise were indicative of steps taken towards goal fulfillment. The appointment of a member-manager because of the lack of managerial skills and the introduction of a clear division of labour in production and decision-making were examples of such decisions. Since these were made democratically, the principle of meta-democracy was relevant in the MCC.

Similarly, in terms of Bernstein's (1976) minimally necessary conditions for effective and sustained participatory democracy, the co-op reflected a high degree of democratisation. A combination of both direct and delegated participation in decision-making was practiced. Weekly management reports and fortnightly general meetings allowed for sharing management-level information with producers. Although MCC's members did not have an independent board of appeal, the small size of the enterprise facilitated peer discussion of grievances.

Members' assumption of responsibility for their work and their re-definition of relationships in the workplace were indicative of a particular type of consciousness. These were important steps towards building a

cooperative consciousness Although not formally written, practices in MCC reflected guaranteed individual rights Further, the 10% wage reduction decided on by members was a form of feedback of economic results Considering that Bernstein's minimally necessary conditions were present in MCC at the time of research, I conclude that this co-op had the potential to become a sustained and effective participatory democratic organisation

This account of MCC shows that it exhibited the features of Brecker's (1988) characterisation of potentially viable cooperatives Firstly, MCC had a basic level of management, organisational and production structures to facilitate planned production towards a surplus Secondly, the key problems facing the co-op, about five years after it started, were growth related MCC's marketing and cashflow problems required specialised financial, technical and managerial needs The co-op was clearly in a crucial transitional phase at the time of research Choices about short and long term strategies to overcome its crisis, access to appropriate financial support, and the availability of technical support specifically directed at its needs as a growing cooperative enterprise were bound to have a significant influence on the future of this co-op

CHAPTER 8

FENCING SERVICES COOPERATIVE SOCIETY:

PHOENIX COOPERATIVE AND CO-FOUNDER OF A SELF FINANCE SCHEME

8.1 Introduction

Fencing Services Cooperative Society (FSC) is a manufacturing cooperative based in Harare, Zimbabwe It was formed in 1983 by workers who took over a capitalist firm, formerly M & D Enterprises FSC manufactures fencing material and wrought iron gates, and erects fences It is one of the first industrial cooperatives to be formed in Zimbabwe and one of the founders of the Collective Self Finance Scheme

Before telling the story of this cooperative I provide, briefly, the socio-political and economic context of cooperatives in Zimbabwe at the beginning of 1990, the time of research in this particular enterprise I begin with a brief overview of the political economy of the country This is followed with a brief history of the cooperative movement in Zimbabwe Furthermore, I attempt to outline the place of contemporary co-ops in the economy and their general organisational structure Some attention is also given to the role of the state in relation to cooperatives

The focus on the state's role is important since it has made some commitment to support co-ops The case of Fencing Services Co-op is indicative of such support Nevertheless, many observers including those involved in the co-op movement in Zimbabwe have defined the state's commitment as simply rhetoric, and since the evidence indicates that the state has made few concrete steps in support of co-ops, it is important to examine the disjuncture between the state's promises and its actual practice

8.2 The Zimbabwean Context: A Brief Overview

Zimbabwe has a population of about 9 million (1988) The majority of the people are black Less than 2 percent of the population is white and less than 0 5 percent are coloured (Stoneman and Cliffe, 1989 8) Unemployment is a key social problem The escalating process of urbanisation due to fewer restrictions after Independence on people staying in towns and heightening pressures on the land, only barely lifted by the state's resettlement programme, and the slow growth of employment combine to raise unemployment levels According to Stoneman and Cliffe (1989 67), the 1982 Census recorded 268 000 unemployed, all apparently in the urban areas, representing 10,8 percent of the total labour force If the rural areas were added the actual number of unemployed people for 1982 would be much larger In his budget speech in July, 1988, the Minister of Finance, Mr Chidzero, estimated that there were about 900 000 unemployed, or 30 percent of the entire workforce

The scale of unemployment in Zimbabwe is similar to that in South Africa Moreover, Stoneman and Cliffe (1989 67, 68) predicted that in the post-independence context of a large increase in education mainly at the secondary level, 100 000 school-leavers each year will be competing for only 10 000 new jobs in the formal sector in the 1990s On the basis of anticipated trends of employment creation it is estimated that by the mid-1990s the annual shortage of jobs will be around 250 000, making a third of the labour force unemployed (ibid) These figures paint a threatening picture of the growing problem of unemployment in the country and could in the long run have important implications for the cooperative movement

The Zimbabwean economy is essentially capitalist The bulk of its major productive property is privately owned with production being for private interests, in the pursuit of profit, through the employment of wage labour Furthermore, self-managed cooperative enterprises play a marginal role in the economy and despite promises made, such ventures have received little attention from the state

The majority of cooperatives in the country are involved in agricultural production, marketing, and supply According to Chitsike (1986 226), the total number of Agricultural Marketing and Supply co-ops as estimated by July 1985 was 597 In addition, Stoneman and Cliffe (1989 116) estimate that there are about eight hundred (800) active farming collectives in comparison to approximately eighty (80) such enterprises in other sectors of the economy

Next to South Africa, Zimbabwe is the second most industrialised country in the Southern African region with manufacturing being the core of industry The majority of industry is privately owned and run by whites, while there is some state investment in the cotton and iron and steel industries The Zimbabwean Iron and Steel Company (ZISCO) is a semi-parastatal which exports about 80% of its manufactured goods There are, however, also cooperative enterprises in this sector of the economy Figures provided by Chitsike (1986 226) indicate eight fishing, two hundred and fifty (250) industrial, and twenty five (25) mining co-ops by July 1985

Among the range of financial institutions is the Zimbabwe Banking Corporation Limited (Zimbank) in which the government has direct investments of about 61 percent (Stoneman and Cliffe, 1989 151) The vast majority of these financial institutions do not provide finance to co ops since these enterprises generally have a weak capital structure Zimbank, however, has been providing finance to some cooperatives since May, 1989

8.3 Elements in the History of the Zimbabwean Cooperative Movement

8.3.1 White Farmers' Marketing Co-ops

The first co-ops in former Rhodesia were established in the second decade of this century These were marketing co-ops founded by groups of white settler farmers They were "cooperatives of the exploiting class" (England, 1987 128) Such enterprises were engaged in the collection, transportation, and sales of the produce of white farmers, and many of them served as outlets for the provision of farming equipment such as fertilisers and seeds Relics of these enterprises exist in Zimbabwe today, for example, the Farmers' Co-op This is essentially a large capitalist enterprise which sells agricultural inputs to its members - mainly white commercial farmers - at discount prices

8.3.2 African Peasants' Marketing and Supply Co-ops

A second type of cooperative existed in Zimbabwe before Independence These were the Marketing and Supply Cooperatives established among small African peasant farmers towards the end of the settler period These enterprises emerged in the mid-1950s as part of the colonial state's strategy to create a class of relatively wealthy small African peasant farmers These farmers were allocated land on the African Purchase Areas In order to make their individual farming activities viable they needed methods of purchasing agricultural inputs and of marketing their produce This gave rise to the Marketing and Supply Co-ops which served the needs of these peasant farmers who continued to produce as individuals, rather than collectively

These enterprises were the main type of cooperative in existence at Independence and have grown significantly in number since then By the end of 1985 more than 600 such societies had registered (Stoneman and Cliffe, 1989 114) and by 1987 these organisations served more than 100 000 peasant farmers (England, 1987 128) Stoneman and Cliffe (1989 114) suggest that this growth in the number of Marketing and Supply Co-ops is a result of both the changed economic context and peasants' endeavours to produce for the market, and of government encouragement through the Ministry of Cooperatives

The Marketing and Supply Co-ops fit into a three tiered level of organisation At the local level the cooperative society to which each farmer-member elects officials is the *primary* cooperative Primary societies are made up of farmers who work as individual producers, but join a co op to benefit from shared purchasing and marketing facilities A collection of such societies in a specific area are affiliated to a *union* of cooperative societies which is made up of individual farming enterprises These unions operate at a regional level The unions belong to an umbrella organisation at national level, namely, the Central Association of

Cooperative Unions (CACU). CACU is heavily dependent on government services and foreign donor agencies. It is assisted by the Friederiech Ebert Foundation of West Germany and US Aid (Chitsike, 1986: 14).

Currently the strength of these cooperatives lies at the union rather than at the primary or national level. In general terms this implies that there is little prospect for such co-ops becoming effective organisations of peasant producers for the purposes of defending their interests either at the grass-roots or the national levels. Peasants organised at the grass-roots level might be able to control their own affairs and their relations with the market and the state. Furthermore, such organisation at the national level could enable peasants' demands to be heard alongside the effective national representation achieved by the large commercial farmers (Stoneman and Cliffe, 1989: 115). The absence of organisation at these two levels, moreover, points to one of the weaknesses of the cooperative movement.

8.3.3 Contemporary Collective Co-ops

Distinguishing Characteristics

Cooperatives formed after Independence are called 'collectives' to distinguish them from the Marketing and Supply Co-ops. Membership of collective co-ops is drawn mainly from unemployed unskilled and semi-skilled workers (especially farm workers), landless rural poor people, people displaced by the liberation war, and demobilised ex-combatants. On the contrary, membership of the Marketing and Supply Co-ops are mainly relatively wealthy small peasant farmers. Furthermore, unlike the individual character of production among these small farmers, the *internal* relations of collective cooperatives are characterised by collective ownership and control of the means of production, collective labour, and the sharing of the proceeds of production (OCCZIM, 1983: 15).

The relations of such enterprises with the capitalist market (their *external* relations) demand that the collectives survive on the same terms as any other capitalist enterprise. Hence, collective co-ops must produce for the market in response to forces of supply and demand. There are about 800 active farming collectives with about 25 000 members (Stoneman and Cliffe, 1989: 116). In addition, there are about eighty (80) collective cooperatives operating industrial firms, commercial enterprises, and mines (1989: 116). Fencing Services Co-op is one of these industrial enterprises.

The Organisation of Collective Cooperatives

On the basis of their collective nature these co-ops formed their own umbrella organisation independent of CACU, namely, the Organisation of Collective Cooperatives of Zimbabwe (OCCZIM), and published their own newspaper, namely, *Vanguard*. After several meetings in 1982 in preparation for the launching of OCCZIM, and after the state had, on two occasions, instructed the organisers to cancel its founding conference, OCCZIM was finally formed in September, 1983.

The aims of OCCZIM are to promote and unite progressive co-ops (OCCZIM, 1983 4) defined as collectively organised co-ops with a socialist orientation (OCCZIM, 1983 17) Furthermore, the aim of OCCZIM is to represent the interests of such enterprises (OCCZIM, 1983 13) It is for these reasons that England (1987 136) describes OCCZIM as an organisation (in formation) with an "embryonic class consciousness"

It is estimated that by March 1986 OCCZIM represented about one third of the approximately 800 active collectives in Zimbabwe (Hanlon, 1986 2 c f Brecker, 1987 2) Despite this relatively large representativeness, OCCZIM's embryonic nature meant that it was organisationally weak and inexperienced in effectively organising collectives A further weakness within OCCZIM was its bureaucratic character (Brecker, 1987 21, 122)

In addition, since its inception OCCZIM and its member co-ops have relied heavily on financial assistance from foreign donor agencies such as the Canadian University Service Organisation (CUSO), and local voluntary organisations such as Zimbabwe Project (Brecker, 1987 3) For example, OCCZIM's board of directors received their salaries from CUSO These financial ties proved to be a double-edged sword On the one hand, access to donor finance facilitated the establishment of several collectives while on the other hand, these ties eventually led to dependency relationships between co ops and the donors In this regard Brecker (1987 17) describes OCCZIM as "prisoner of the donor agencies" This was in direct contradiction with OCCZIM's aim to promote 'progressive', self-reliant co ops (OCCZIM, 1983 8)

Brecker's (1987) case study of the OCCZIM Mechanics Training Programme reveals some of the mechanisms at play in the development of this dependency At the October, 1986, OCCZIM Conference, however, the old executive committee of the organisation was dismissed by its membership in their attempts to reduce its dependency on aid Although the majority of the collectives of Zimbabwe still suffer from the effects of this dependency today, there has recently been a move towards self reliance among some such enterprises The establishment of the Collective Self Finance Scheme (CSFS) in 1988 represents the first step toward a self reliant co operative movement in Zimbabwe Fencing Services Co op is one of the founder members of this Scheme

Organisational Structures within Collectives

Typically, the organisational structure of a collective cooperative (whether it be agricultural, industrial, or commercial) includes a management committee elected by the general members at the Annual General Meeting (AGM) of the enterprise Depending on the size and degree of variation of productive activity there may be production departments each representing an economic activity in the co-op Such departments may each have department heads who take responsibility for the specific tasks of that department For example, typical departments on an agricultural co op include piggery, crops, gardens, and administration, while in an industrial

co-op one might find marketing, sales, assembly, and administration departments Furthermore, some departments may deal with social issues in the co-op such as education, welfare, and nutrition The productive sphere of these enterprises is usually under the direction of an elected general manager

With regard to the distribution of revenue, should there be any surplus, this is divided among the membership in accordance with their collective decision Usually a monthly allowance (wage) based on equal pay for equal work is set according to the surplus projected This, however, may be altered depending on the deviation of the actual from the projected surplus In some co-ops there may be a practice of dividing a portion of the remaining surplus after provision has been made for investment capital Again, this decision ultimately rests on the general members who will be advised by the management committee

Means of Finance

The collective co-ops in Zimbabwe have been financed by (a) the government, (b) funds contributed by cooperators in the form of demobilisation funds and (c) foreign donor agencies The government sponsored agricultural collectives are known as the Model 'B' type co-ops in which groups ranging in size from 50 to 200 people are resettled on ex-commercial farms of an average size of just more than 2,5 hectares These co-ops constituted part of the government's resettlement programme which can be seen as a response to peasants' expectations of land redistribution with the coming of Independence The co-ops constituted between 8 and 10 percent of people resettled by the end of 1984 and "represent the main material contribution by the state to the cooperative sector" (England, 1987 130)

According to England (1987 130), the state had high expectations for these co-ops Some of these have been identified

- *To eliminate exploitative relations of production*
- *To realise economies of scale*
- *To facilitate the development of advanced production and management techniques*
- *To circumvent the constraints on small scale peasant production (c f England, 1987 130)*

Model 'B' co-ops were not given title deeds to the land - the state owns these Instead, in order to achieve the goals quoted above the enterprises were given permits to occupy the farms and a national 'establishment grant' of Z$ 63 000 in the form of equipment and inputs The permit system grants the cooperators' use, control, and benefit rights over the land while the state maintains transfer rights This means that the collectives have control over production and reap the benefits of it but cannot dispose of the land and that the state, should it decide that production is inadequate, can repossess it

With regard to the 'establishment grant', by 1984 only 15,8 percent of the funds budgeted for these grants was allocated "Some co-ops got as little a 5 percent of their budgeted figure, and 53 percent of co-ops got nothing at all (England, 1987 131) The result was that most of these co-ops severely lacked a capital infrastructure Consequently, the utilisation of land on these co-ops was under 10 percent (ibid) In these circumstances co op members were unable to generate their own investment capital, the economic performance of the enterprises was extremely poor, and the members became poorer This situation has facilitated many observers comments that co-ops are bound to fail Among other factors contributing to failure include poor management and a lack of both organisational and technical skills

The bulk of collective cooperatives, however, was not financed by the government At the end of 1985 it was estimated that there were approximately 900 collectives of which only 46 were government sponsored Model B' type enterprises (England, 1987 132) Some of these enterprises provided their own start-up capital, for example, Simukai Co-operative outside Harare Simukai was an existing commercial farm that was bought by the members from pooled demobilisation funds Other enterprises received funds from foreign donor agencies This eventually gave rise to the development of a dependency relationship between co-ops and such agencies

Profile of Independently Funded Co-ops

England (1987 132) gives a percentage profile of these non-government funded co-ops which indicates that they are spread over most sectors of the economy agriculture (31%), industry (30%), consumer (23%), transport (4,5%), mining (3,5%), street traders (3,5%), arts and crafts (2%), fishing (1%), and other (1,5%)

In addition, he gives one a brief profile of the co-ops in the different sectors With regard to those in the industrial sector, the sector relevant to this study, he states that most of these enterprises are small scale sewing cooperatives involving mainly women producing school uniforms Furthermore, there are a few larger-scale industrial co ops engaged in brick-making and building construction, fence-making and erection, and cosmetics manufacture (1987 133) Some of the larger-scale enterprises such as FSC were formed by worker takeovers of previously privately owned firms

8.3.4 Informal Pre-Cooperatives

In addition to the officially registered Cooperative Societies engaged in marketing and collective production, there is a vein of cooperative activity which is informal Such activities are especially widespread in the countryside and are referred to as 'pre-cooperative' These include informal women's savings clubs and groups of neighbouring households who share oxen, ploughs, and/or labour A government report by Chitsike (1985)

suggests that about twenty percent of the rural population is engaged in such pre-cooperative activity Such activity abounds in South Africa and the rest of Africa

8.4 The State and Co-ops in Zimbabwe

The exposition above shows that the existence of various types of cooperatives is widespread in Zimbabwe This indicates that such enterprises are reasonably popular initiatives Despite the government's favourable attitude towards co-ops, however, as expressed in official rhetoric, its practice of promoting such enterprises is at best ambiguous, and its provision of the resources required by co ops is entirely inadequate

8.4.1 State Policy

State policy on cooperatives dates back to 1909 In this year the Cooperative Agricultural Societies Act was passed to facilitate the formation of the white commercial farmers' marketing co-ops Nine such enterprises still exist in Zimbabwe serving the interests of about 4 000 large-scale commercial farmers (World Bank, Agricultural Sector Review, 1989 i) Since this Act failed to provide limited liability for the members of societies registered in its terms, it was removed from the statute books in 1958 and replaced by the Cooperative Companies Act (Majome, 1985 2, 3) The commercial farmers' cooperatives now operate under this Act

Furthermore, in 1944 the Native Production and Trade Commission was formed to investigate marketing and supply problems experienced by African peasant farmers On the recommendation of this Commission the colonial government promulgated the Cooperative Societies Act in 1956 This Act provided for the registration of agricultural and trading cooperatives to serve the interests of rich African peasant farmers (1985 2, 3) This legislation of the colonial period remained in use after Independence and continued to govern co-ops until the beginning of 1990

Soon after Independence and in response to the sensitive issue of land redistribution, the task of redistributing land and forming cooperative societies was given to the Ministry of Lands Resettlement and Rural Development This Ministry established a department of Cooperative Development to administer and promote cooperative development (Gauldin, 1989 19)

In response to the outdated nature of the 1956 legislation the government made a new policy statement in its Cooperative Policy Paper of 1983 This Paper simply outlined a general approach on the part of the Zimbabwean government towards co-op development It presented the promotion and establishment of co-ops as a remedy to the problems of poverty, unemployment, exploitation, and lack of skills in Zimbabwe (Chitsike, 1986) In 1986, the Ministry of Community and Cooperative Development and Women's Affairs (MCCDWA) was established to

coordinate and strengthen the promotion of cooperatives (Gauldin, 1989 22) (As of November 1989, this Ministry is referred to simply as the Ministry of Community and Cooperative Development (no longer of Women's Affairs) (1989 23))

In 1988 the drafting of a new policy on cooperatives began This legislation was, however, not yet officially passed by the beginning of 1990 The Cooperative Societies Bill of 1988 is far more detailed than the 1983 Policy Paper and tends to move away from broad sweeping objectives towards socialism to a more issue-specific focus in its policy on cooperatives, for example, the specified conditions for registration and the detailed provisions for organisational structures and duties within co-ops It remains to be seen, however, how effectively this Bill will and can be implemented, and what possible unintended consequences might arise as a result

8.4.2 State Action

As mentioned earlier, observers have defined the state's commitment to support co-ops as simply rhetoric and, moreover, there is considerable evidence indicating that the state has done little in practice to support such enterprises (refer to Stoneman and Cliffe, 1989 116, England, 1987 131, Brecker, 1987) Such criticism has also emanated from within government structures Comrade Malunga, an MP from Mpopoma has said that the government has linked cooperative development "too much to ideology" and that it has "talked too much and did very little to help cooperators" (Zimbabwe Herald, undated article) In this short section I examine briefly the disjuncture between the state's promises and its actual practice by looking at the explanations provided by two authors on the subject

Chitsike (1986) accounts for this disjuncture by focussing on the lack of knowledge among government officials responsible for co op development regarding problems facing co-ops, a shortage of such officials and a lack of adequate transport for the few who are employed in this capacity, a lack of coordination among the various government departments responsible for cooperative development, and inadequate legislation on this subject This approach suggests that the development of a well-equipped bureaucracy will ensure that co-ops get what they were promised

On the other hand, Brecker (1987) places much of the responsibility for the lack of state support for co-ops on the failure of the state to deliver its promises He tends to shift from blaming the state directly to referring briefly to the implications for cooperatives of the unequal balance of class forces in Zimbabwean society The problem with his approach lies in his heavy emphasis on the state being at fault "The state must bear full responsibility for the crisis conditions that have developed on the collectives" (1987 68)

Neither one of these authors provide an adequate *explanation* of the state s failure to do what it had promised In my view, a consideration of

the balance of class power in Zimbabwean society and its expression through the state highlights the reasons for the state's lack of support for co-ops despite its favourable policies towards such enterprises

Firstly, it requires effective political organisation and hence the development of political power to influence state actions As indicated earlier, the marketing and supply co-ops are strong only at the union level and not at the primary or national levels of organisation This means that peasant farmers are unable to control their own affairs with the state and to have their demands heard alongside the effective national representation achieved by the large-scale commercial farmers Furthermore, the class nature of the collective co-op movement, and the embryonic nature of OCCZIM contributes to the weakness of this movement in relation to the state and other class forces in society Hence, its inability to demand the promises made The present balance of class forces in Zimbabwe characterised by a politically more powerful bourgeoisie in relation to the proletariat and the peasantry thus helps to explain the incongruity between state policy and action with regard to cooperatives

Furthermore, there are indications of a tendency towards state control of the cooperative movement This tendency is manifested in the state's response to the formation of OCCZIM Early in 1983 the government attempted to form a National Federation of Co-ops This organisation was intended to bring together all types of co-ops ranging from the commercial Farmers' Co-ops, through the African Peasants' Marketing and Supply Co-ops to the collectives The co ops were to be organised by sector in this organisation In the light of the balance of forces among these co-ops and the numerical dominance of the African peasant farmers' co-ops, this objectively meant that the collectives would be swamped in this national organisation This would have serious implications for the democratic and representational potential of the cooperative movement (England, 1987 136, 137, Stoneman and Cliffe, 1989 116, 117) Furthermore, the effective banning of OCCZIM's founding conference by the state is an indication of its attempts to control the collective cooperative movement

According to England (1987 137), this action towards OCCZIM on the part of the state should be seen in historical perspective During the period immediately after Independence 35 000 ex-combatants were demobilised

> *They were demobilised in the most fragmenting manner - by paying each individual a small sum of money Effectively, therefore, they were demobilised not only militarily, but also politically, as any kind of organised force (1987 137)*

About 12% of these ex-combatants resisted this disjoining and re-organised themselves into collectives As individual collectives, however, they still remained a fragmented socio-political force The formation of OCCZIM represented the first attempt to re-organise the ex-combatants

(and also the poor peasantry and the unemployed urban workforce) politically at a national level Furthermore, this re-organisation was across political party and regional divisions and under the control of the rural and urban poor (England, 1987 138, OCCZIM, 1983 7) This form of organisation presented a threat to the newly independent one-party state caught in the contradiction of its socialist rhetoric on the one hand and, on the other, its role of maintaining the essentially capitalist social order in Zimbabwe

The historical development of the cooperative movement in Zimbabwe and, more specifically, the struggles of the collective cooperative movement highlight the importance for cooperative organisation of a well organised cooperative movement independent of both the state and aid organisations It also illustrates the need to examine the balance of class forces in society as a whole when assessing particular stages in the historical development of any social movement In addition, the experiences of dependency in this movement and the recent move away from this toward a more self reliant cooperative movement, as manifested in the establishment of the CSFS in 1988, points to the importance of *experience* in cooperative development

In the context of a new political order in South Africa and its emphasis on redistributing wealth in the form of land, to mention but one source of wealth, processes in the history of the Zimbabwean cooperative movement offer many lessons to learn from

8.5 Historical Development of Fencing Services Cooperative

8.5.1 Taking over a Virtually Bankrupt Firm with the Help of the Ministry of Labour

FSC is a phoenix co-op Mr Beasley, owner of the capitalist fence manufacturing firm, M & D Enterprises operating as Fencing Services Private Limited, applied to have his firm liquidated in March, 1983 The workers decided to take over this firm and to form Fencing Services Cooperative Society By this time the Zimbabwean state had implemented its policy on promoting cooperatives

In the context of the ensuing elections and the state's interest in the co-op, and in the face of losing their jobs in the event of liquidation, the workers of M & D Enterprises refused to go home on the instructions of government officials of the Department of Labour The Minister of Labour then intervened and met with the workers At this meeting the idea of forming a cooperative originated and on 1 April, 1983, Fencing Services Cooperative Society Limited was officially registered Upon formation of the co-op each member bought shares in the enterprise to the value of Z$ 40

The first Executive Committee (EC) of the co-op comprising seven people initiated a challenge to the liquidation order They were assisted by the Ministry of Labour and government legal officers Ten months of

negotiations followed between the Ministry of Labour in support of the workers, the seven EC members of the co-op, and Mr Beasley, the owner of M & D Enterprises After successfully challenging the liquidation order, the workers finally signed an agreement with Mr Beasley to take over the firm

This agreement resulted in the workers buying the machinery and equipment worth Z$ 221 300, furniture for Z$ 5 310, and stocks of raw material and finished goods worth Z$ 330 000 The co-op was thus indebted to Mr Beasley for about Z$ 560 000 This money had to be paid to him at 12 percent interest over a period of four years (Agreement between Beasley and Co-op Management Committee, 1984, FSC Profile, Brecker, June, 1988 24)

Moreover, the premises on which the enterprise was situated was also Mr Beasley s property This was sold to the Central Mashonaland Cooperative Union (CMCU) for about Z$ 200 000 (Interview 4 1) According to Ms Maramba, Management Assistant at the CSFS, the government extended a loan of this amount to CMCU to buy the premises from Mr Beasley At the time of research FSC rented these premises from CMCU at Z$ 2000 per month

In January 1984 FSC had a total of one-hundred and forty-three (143) members By September of that year, however, a feasibility study of the enterprise by the Small Enterprise Development Corporation (SEDCO) and the Industrial Development Corporation (IDC), both parastatals, suggested a considerable reduction in membership for the purposes of enterprise viability A combination of the last-in-first-out retrenchment procedures which followed this suggestion and the voluntary departure of some members due to lack of funds for wages and salaries, brought the total membership of the co-op down to fifty-three and later, to forty-nine

At the time of the take-over, the owner of M & D Enterprises, Mr Beasley, had accumulated debt to the value of about a half-million Zimbabwe dollars The major creditors included Zimbabwe Iron and Steel Company (ZISCO), a parastatal, Lancaster Steel, a subsidiary of ZISCO, Mr Beasley himself, and the bank Significantly, Lancaster Steel was the supplier of raw materials namely, galvanised wire, to FSC and the co-op's only competitor in the manufacturing of barbed-wire

The take-over meant that the workers were responsible for this debt Furthermore, the evidence indicates that workers were taking over a firm that had been stripped of all its liquid financial resources the balance sheet of M & D Enterprises as at 31 March, 1980 indicates that Z$ 98 000 was paid out in dividends from a retained profit of Z$ 102 000 The most likely explanation for this significant decrease in liquid capital is that immediately before Independence in 1980, the firm paid out dividends in the face of uncertainty regarding continued operations after Independence This stripped the enterprise of a substantial amount of liquid capital

In the face of enormous accumulated debts and no liquid funds to serve as working capital for the purposes of buying raw materials for continued production, the co-op approached the Small Enterprise

Development Corporation (SEDCO), a parastatal, for financial assistance On two successive occasions SEDCO advanced credit facilities to FSC to a total value of Z$ 70 000 for buying raw materials from Lancaster Steel

Unfortunately, however, due to the mismanagement of funds on the part of FSC's first Executive Committee, the co-op could not fulfill its credit agreement with SEDCO and Lancaster Steel Subsequently, the amount of Z$ 70 000 was altered into a long-term loan with SEDCO, while Lancaster Steel sold raw materials to the co-op only on a cash-on-delivery basis The loss of these credit facilities and the consequences, namely, having to pay cash for materials, further undermined attempts towards building an economically successful enterprise

Further investigations on the part of co-op members into this mismanagement of funds revealed the complex history of FSC's Executive Committee

8.5.2 From a Self-instated to a Democratically Elected Executive Committee

Information obtained from Mr Makoni, chairperson of the co-op at the time of research, suggests that the officials on the first Executive Committee (EC) were not elected by democratic process According to Mr Makoni, with the formation of the co-op,

> *we were told by the Ministry that if [we] want [our] things [firm] to go well, [we] must make him, a white-man, Mr Gibb, the chairman, [while we would] elect the other people [to the executive committee]" (Interview 4 5)*

In addition, those workers who participated in the negotiations against liquidation simply claimed to be the EC allegedly on the advice of the Ministry of Labour (Interview 4 5) Furthermore, according to Mr Makoni, the rest of the membership agreed to this claim since they were more interested in proceeding with the operations of the enterprise

> *There were no fair elections They just took the positions and told the people that they were chosen by the government, and yet they were not Now we did not want to waste time arguing on positions, so we said it's ok, it's no problem You carry on, as long as everybody is doing his job (Interview 4 5)*

The first, essentially self-instated EC fired the first chairperson, Mr Gibb It also forced the second chairperson, Mr Mavhiki, to resign According to Mr Makoni, this chairperson was elected by the members Mr Chiwaya, another member of the EC at the time, suggested that he could take the position of chairperson since he had worked closely with Mr Mavhiki and thus knew what needed to be done The general members

accepted this suggestion and Mr Chiwaya became chairperson of FSC These changes in the EC occurred between 1984 and mid-1987

The Executive Committee under Mr Chiwaya was responsible for mismanaging the credit facilities for raw material purchases granted by SEDCO With the termination of these credit facilities an investigation was initiated by co-op members with the assistance of the Ministry of Co-ops into the practices of this committee It was found that certain committee members, including the chairperson, Mr Chiwaya, were firing co-members for being critical about committee procedures Mr Makoni, the accountant at the time, was among those threatened with losing their jobs

In the face of retrenchment, these members approached the Ministry of Co-ops for assistance with an investigation into the practices of the Executive It was clearly revealed that the first Executive Committee had not been elected by the general members through a democratic process Neither had the Ministry advised those members initially involved in liquidation negotiations to take up positions as executives Furthermore, an examination of financial records of the co-op revealed that certain executive members had been embezzling funds

Consequently, in mid-July, 1987, the self-instated EC with Mr Chiwaya as chairperson was fired by the general members for running the co-op as though it was their private business and for having embezzled funds A new EC with Mr Makoni as chairperson was elected by the general assembly of members

8.5.3 Operation at 20 percent capacity for over Five Years

In addition to the credit facilities lost due to the mismanagement of funds, FSC's new Executive Committee noted as at June, 1988 that most of the co-op's revenue would be ploughed into the 12% interest paid to Mr Beasley Interest charges to that date exceeded Z$ 173 354 even though they had repaid an amount of Z$ 365 621 (principal debt plus interest), leaving a balance of Z$ 365 343 owed to Mr Beasley after the agreed four-year payment period (Brecker, June, 1988 24, 25) Considering that FSC started with no working capital and limited managerial and entrepreneurial skills it was unrealistic to expect it to repay debt to the value of Z$ 560 000 at a 12% per annum interest rate within four years

With no working capital, a bad credit record, and no collateral for obtaining further credit to finance continued production, the co-op was unable to produce at full capacity and to create surplus revenue On the one hand, there was a demand for barbed-wire since Lancaster Steel and FSC were the only manufacturers of this product in Zimbabwe at the time On the other hand, the co-op did not have sufficient funds to buy raw materials on a cash basis According to Ms Maramba, the co-op operated at twenty percent capacity from 1984 through to May 1989 a period of five and a half years

Information obtained from Mr Makoni, the Chairperson of Fencing Services Co-op, confirms the above

We did not have working capital, that was the problem What we were left with was just raw materials and a few finished products [this] was our starting capital (Interview 4 5)

8.5.4 Reasons for Taking over the Firm Despite the Odds

There are significant reasons why workers decided to take over the firm and form a co-op despite the debt involved and probably unknowing of the implications of having no liquid capital Firstly, the liquidation of the firm took the workers by surprise and in an attempt to secure their jobs in the face of unemployment, they decided to take over the firm Secondly, in the context of government socialist rhetoric encouraging people to form co ops, the opportunity existed for these workers to own the firm (Interviews 4 5, 4 1) And, finally,

> *We knew that we were the ones who were doing the operations if one man [the owner] goes away, why should we fail? He was just a person who would come and sit in his office and go, meanwhile we are the people who are doing the work We wanted to show the government that we can do it [run the firm] regardless of him [the owner] having gone away (Interview 4 5)*

8.5.5 Founding the Collective Self Finance Scheme

Under the leadership of the new Executive Committee FSC's major problems did not change These included a severe lack of working capital to finance continued production, a bad credit record, and no collateral to serve as security for credit By mid-1988 the cooperative had no-one, but itself, to turn to for financial assistance Meanwhile, since 1987 there had been developments within the co-op movement in Zimbabwe about the possibility of establishing a self finance scheme for co-ops In May 1988, FSC joined seven other cooperatives in an attempt to create their own finance scheme for the purposes of supplying the co-ops with working capital and the managerial skills necessary to manage such finances

8.6 The Collective Self Finance Scheme

The Collective Self Finance Scheme (CSFS) is a unique form of non-governmental development organisation It was launched in September 1988 by eight potentially viable cooperatives in Zimbabwe Mr Carl Brecker, an exiled South African in Zimbabwe, and Mr Andrew Nyathi, chairperson of Simukai Cooperative at the time, were key figures facilitating the founding of the CSFS The Scheme emerged in response to dependency on aid and donor control within the cooperative movement

Until 1990, it was the only known self-finance scheme in Southern Africa established, organised, and democratically controlled by cooperatives for the benefit of such enterprises In addition, it was one among few such schemes which (a) employed skilled people for dealing with economic, training, managerial, and social problems facing co-ops, (b) had formal financial agreements with a recognised commercial bank, and (c) provided the necessary services required by co ops entering loan agreements with the bank

The eight founder member-cooperatives each operate in different sectors of the economy including the agricultural, manufacturing, retailing, and service sectors By 1990, however, the Scheme boasted a total of twenty-three member co-ops operating in these sectors of the economy (CSFS Newsletter, No 1, October, 1988, Brecker, October, 1989 1)

8.6.1 Aims and Objectives of the Scheme

The purpose of the Scheme is to provide its member-cooperatives with effective financial assistance and to develop their financial management capacity in preparation for obtaining bank loans guaranteed by the CSFS

Its aims are, firstly, to provide a source of credit for its members at reasonable interest rates, secondly, to receive and hold shares and annual subscriptions of its members, thirdly, to enable member co-ops to use and control their financial resources for their mutual benefit and with minimum risk, and, lastly, to provide loans for its members which are administered by the Bank of Zimbabwe (Zimbank) (CSFS Newsletter, No 1, October, 1988, CSFS Rules 1)

In the light of their negative experiences with donor assistance and recognising the limits of donor and government funds for co-ops, CSFS member-cooperatives aim to achieve three inter-related objectives These are, firstly, to introduce cooperatives to the commercial finance market, secondly, to determine for themselves the form and scale of credit required, and thirdly, to continue using donor funding to assist them to these ends and to eventual self-reliance (Brecker, August, 1988 4)

These aims and objectives are realised through CSFS rules, structures, methods of providing credit through its Loans Sub-Committee (LSC), services to member co-ops through its Technical Support Team (TST), and agreements with Zimbank and donors The Technical Support Team includes a Training Officer, a Management Assistant and a Social Organiser The latter staff member is responsible for social problems in co-ops such as nutrition, child care and problematic social relationships among members The various organisational structures of the Scheme generally comprise of cooperators themselves, and when not, such structures are made clearly accountable to the cooperators through enforced rules and procedures The details of its operational structures and of its relationships with various institutions such as Zimbank are included in the appendix The specific relationship between the CSFS and its member co-ops is, however, dealt with in the paragraphs below

The specialised services of the CSFS are designed to serve cooperatives who have already established within their enterprise a sense of cohesion among members and who are *potentially* viable, that is, capable of producing a reasonable surplus Such co-ops which still lack the capacity to access development capital on the open financial market are eligible for membership and assistance from the CSFS (Brecker, August, 1988 4) The CSFS does not serve pre cooperatives

8.6.2 Shifting the Balance of Power in Favour of Co-ops

The emergence of the CSFS did not mark a move towards the complete rejection of donor aid *per se* Instead, it meant a move towards shifting the balance of power between co-ops and donors in favour of the former by using donor funds in ways that empower cooperatives To make this strategy a reality rather than simply a 'vision' required "the conscious intervention" (Brecker, 1989 4) of the co-ops This entailed a difficult battle between founder co-ops of the CSFS and donor agencies mainly around *control of the organisation receiving funds* from donors, in this case, the CSFS During the course of this battle founder co-ops of the CSFS rejected all donor aid not controlled by them (1989 3) This marked the beginning of a process in which co-ops were taking responsibility for their own development

Furthermore,

> *[The] CSFS concluded [from the lessons it learnt through its member co-ops' experiences] that collectives can only grow under conditions in which the cooperators could remain in effective control through the production of a sustaining surplus [The] CSFS therefore turned its back on free hand outs not related to production, which for so long has been the order of the day (Brecker, October, 1989 10)*

This meant, firstly, that the co ops had to understand aid and the donor-recipient relationship as essentially political and that they had to use these insights to strengthen their position in this relationship so as to assist co-ops in determining the terms, forms, and methods of donor assistance to such enterprises (Brecker, 1989 15, 16) This understanding helped the Scheme establish co-op control over these key aspects of donor assistance Today, the CSFS is funded by donor agencies on ***its*** terms and in the interests of self-reliance of its member cooperatives

The priority of self-reliance in CSFS policy and practice developed as a response to historical experiences of dependency and donor control among cooperatives in Zimbabwe Furthermore, the relative independence of the CSFS from donor agencies is clearly a result of a long and difficult process

The CSFS was born out of the learnt experiences of those few relatively successful cooperatives who were/are still the recipients of donor assistance CSFS reflects their heightened consciousness and determination to use credit for development, rather than continue to request wanted assistance (Brecker, 1988 2)

Processes involved in the birth of the CSFS as expressed in this quotation confirm my assumption that cooperative consciousness develops through experience and human action It is necessary to note, however, that the birth of the CSFS was facilitated not only by the heightened consciousness of some of its members but also by the particular material conditions prevailing among most of its founder co-ops The fact that most CSFS founder co-ops, excluding Fencing Services Co-op, were relatively more well off economically than other co-ops barely surviving in Zimbabwe points to the interrelationship between relative economic well being and the development of cooperative consciousness

The relatively well developed cooperative consciousness of those who facilitated the founding of the CSFS was not, however, reflected in all co-ops who joined the Scheme In the case of Fencing Services Co-op, members' shared experiences of working in a capitalist firm and their common experience of the threat of unemployment influenced their initial frame of reference to cooperation However, some continuities in the structure of the former capitalist firm and the newly founded co-op resulted in subtly different conceptions of a cooperative among FSC's members Firstly, FSC's worker-members were wage labourers in the previous firm while manager-members were mainly salaried clerical staff in M & D Enterprises This structure continued in the cooperative with worker-members on the shopfloor and manager-members in the offices The exception was that all members were shareholders in the co-op rather than employees/wage labourers Their specific positions in the cooperative resulted in significantly different perceptions of FSC as a cooperative These differences are reflected in the quotations below

The following quotations indicate worker-members' perceptions of a co-op

1) A co-op is where you can work either no paying any money [not receiving wages] The next week you can get money to survive (Interview 4 8)
2) A co-op is a good organisation If you form your co-op you come to be rich quicker If you work united you never breakdown (Interview 4 6)
3) To work for yourself is better than to work for someone (Interview 4 9)

The following quotations indicate manager-members' perceptions

1) A cooperative is a company But it is different from a private company because it is cooperatively owned The decisions are participative If you people are doing a job one can say No that is not right work, let's try and do this' Regardless of a manager being there, you can listen to someone else's ideas Unlike in a private company where the boss is the one who can make decisions, here we have to make decisions together So that if I send someone to collect a cheque, he feels it's his cheque There is no reason why he should steal it (Interview 4 5)

2) A cooperative is just like a company where workers work together to make their own things They are the employer and the employees It's just like socialism (Interview 4 3)

3) The co-op is a group of people working under one umbrella, people working together doing one thing FSC is a co op (Interview 4 2)

Worker-members emphasised the idea of 'working together', sometimes even for no pay, as better than working for someone else These views are, however, not representative, hence I cannot make any generalisations Manager-members, on the other hand, emphasised the idea that a co op is an enterprise like any other with the exception of its organisational, ownership and decision making structures These differences are, like in the other enterprises studied, related to members specific positions in the co-op structure

8.6.3 Development Policy of the Scheme

The CSFS's development policy emphasises (a) co-op autonomy with the primary function of such enterprises being production of a surplus adequate to workers needs, (b) co-op development as a process and a socio-political force, (c) grassroots control over and democratic participation in determining the future of co-ops, and (d) the empowerment of cooperators through their conscious actions (Brecker, October, 1989, August, 1988, June, 1988)

It stresses democratic and grassroots control over all forms of assistance rendered to co-ops and the importance of considering how assistance facilitates production of a sustaining surplus - the primary function of a cooperative enterprise and the key to its success At the core of its approach is a belief that given appropriate organisational structures and the required managerial skills, cooperators are capable of decision-making regarding the organisation of their productive activities and resources so as to produce a surplus

In addition, the CSFS does not only see *cooperatives* as democratic organisations in formation, instead, it also sees *itself* as such an organisation with a responsibility to respond to changes as a result of its development alongside the co ops which it serves This entails learning

from its experiences and from those of its member co-ops Furthermore, the CSFS recognises cooperatives as unique forms of production organisations requiring similarly unique forms of assistance in order to facilitate their success (Brecker, October, 1989, August, 1988, June, 1988)

8.7 Relationship between the Scheme and its Members

Member-cooperatives of the CSFS are selected on the basis of its criteria for servicing potentially viable cooperatives Democratic control of the CSFS is rendered possible by each member electing a representative to the Council which makes general policy decisions and elects the Board to manage the Scheme (Brecker, June, 1988 5, Brecker, August, 1988 10, 16, CSFS Rules 2, 3, 5)

Members are admitted after selection by the Board, subject to approval by the Council Co-ops are required to make an equity contribution to the CSFS in the form of the payment of subscription fees and the purchasing of shares This money forms the basis for determining the member's liability for any debts of the Scheme In addition, the enterprise is required to wait for a period of six months before receiving funding from the CSFS in the form of a loan

During this period project appraisals are undertaken and technical assistance is provided by the CSFS This is followed by at least two years of further membership during which the CSFS delivers its development and credit services to the co-op In the event of resignation or expulsion from the Scheme liability of a member to the Scheme extends for a further two years beyond its minimum membership period (CSFS Rules 2, 3, Brecker, June, 1988 5) The initial financial contribution from co-ops, the six month waiting period and the minimum membership period helps to ensure commitment to the Scheme

The CSFS provides for its members mutually supportive finance and technical assistance for their development from potentially viable to viable enterprises 'Mutual support' in the CSFS implies that each of its member-cooperatives has an obligation to its fellow members to be successful In the event of a member co-op s failure to meet its obligations to the Scheme, for example, to repay its loans, it is penalised

> *The success of one is seen as the success of all, just as the failure of one becomes the responsibility of all (Brecker, June, 1988 5)*

Furthermore, this mutual support is reflected in the system used when issuing loans and subsidising the interest payments on such loans Poorer co-ops receive the smallest loan provision while relatively more wealthy co-ops are eligible for larger loans Poorer co-ops, however, are eligible for a larger subsidy on interest than wealthier enterprises Through their subscriptions and shares the more wealthy CSFS co ops contribute to subsidising their poorer fellow members (Brecker, June, 1988 7) The size

of the loan and interest subsidy is determined by the grade of the cooperative

The grading system devised by the CSFS allows for five grades It stipulates the maximum loan (arranged through Zimbank) and the maximum subsidy on interest (provided by CSFS) for each grade provided that the total amount borrowed does not exceed total funds, guarantees, and securities held by the CSFS The grades are as follows

Table 8.1 CSFS Grading and Loans

Grade	Maximum Loan in Z$
1	2 500
2	5 000
3	10 000
4	20 000
5	50 000

Table 8.2 CSFS Grading and % Subsidies

Grade	Maximum Subsidy
1	75 %
2	50 %
3	25 %
4	10 %
5	5 %

(Brecker, June 1988 5, CSFS Document on Grading Criteria)

The relationship between the CSFS and its members is essentially a mutually supportive service relationship under the direction of the cooperators themselves It ensures member co-ops of support throughout their transformation into viable enterprises and gives them complete responsibility for their financing and the repayment of their loans Economically, the co-ops benefit from the credit facilities and skilled technical assistance provided by the Scheme These services are very hard for co ops to come by on the open market

Moreover, membership of the CSFS opens up opportunities for the co-ops to survive the transition from potentially viable to viable economic enterprises trade union This is made possible through the ways in which services are rendered to co ops by the CSFS Firstly, these services are not provided randomly and mainly in cases of emergency Instead, CSFS financial and technical support is ongoing and is defined by the detailed agenda and the needs of the co-op as formulated and expressed by its membership This relationship facilitates self-determination and economic self-reliance among the member-cooperatives

8.8 Some problems with the Scheme

At the time of research the CSFS was a relatively young organisation experiencing some birth pains One of these was the need to ensure that the Technical Support Team (TST) takes into consideration worker-members' interests, and not only those of member-managers Others included recruiting TST staff with both appropriate skills and an interest and concern for issues confronting co-ops With regard to the former, I refer to some brief field experiences with two TST staff members

The Management Assistant and the Training Officer tended to meet mainly, if not only, with member-managers of FSC These TST staff members had little direct contact with co-op members on the shopfloor Consequently, they developed relationships with and obtained information from member-managers only

This situation had serious implications for the CSFS as represented by the TST Firstly, there was a danger that co-op members on the shopfloor would come to identify the TST as acting in the interests of manager-members rather than in the interests of the members as a whole Secondly, the information which the TST received from member managers was likely to be biased and this may have resulted in overlooking serious problems in the co-op, such as grievances about managers' behaviour In the event of the TST being identified as acting in member-managers' interests only, and of a failure to identify serious problems in the co-op regarding the management-producer relationship, the CSFS would be failing to serve the cooperators

It is true that the Social Organiser in the TST was responsible for identifying social problems in CSFS co-ops It is also true, however, that the Management Assistant and Training Officer's work could not be separated from dynamics of social relationships in the co-op In order to provide effective assistance, all TST field staff needed to be aware of these dynamics and to consider them when collecting information and actively working with the enterprise

One way of learning about such dynamics was to speak to both member-managers and members on the shopfloor Furthermore, in order to develop a relationship with shopfloor-members and to win their trust the TST needed contact with the shopfloor before consulting member-managers After all, the majority of cooperators were on the shopfloor and not in the offices Further, if cooperative management is seen as a relationship, both parties to it should be consulted

With regard to the structure of the CSFS, there tended to be much overlap between co-op members who sat on the CSFS Council and Board, and those involved in managerial and executive structures within the co ops Six of the seven CSFS Board members were managers or executive members in member co-ops In combination with the overlap within co-ops between members of the executive and managerial structures, as illustrated later in the study of FSC, these members were also involved in decision-making processes in the CSFS In the light of these overlaps in decision-making and representative structures in both the co ops and the CSFS, the

Scheme required practical mechanisms to prevent decision-making at the level of the CSFS from being controlled by management and/or executive structures of the co ops

One reason for these overlaps was the lack of education and skill among general members of CSFS member-co-ops The prevention of technocratic control over the CSFS by executives and a more participatory decision-making structure highlighted the importance of training general members in skills which enabled them to participate more effectively in both their enterprise and the CSFS

8.9 Fencing Services Almost Incorporated into Lancaster Steel

Just before the CSFS was able to provide its members with financial assistance, that is, around March/April 1989, Mr Beasley complained to FSC about its failure to fulfill its agreement to pay off the machinery within four years and consequently arranged to sell the machinery in the co op in an attempt to recover his money He approached Lancaster Steel and proposed that it should buy the machinery from him The co-op had bought the machinery for Z$ 221 300 in 1984 and in 1988 Mr Beasley offered the same machinery to Lancaster Steel for Z$ 269 000 Lancaster Steel then approached the co-op and proposed that it would buy the machinery from the co op, take responsibility for all its debt, and absorb its members into the semi parastatal as workers

According to Ms Maramba (Interview 4 1), the co op members were divided about whether to be incorporated into Lancaster Steel as workers and whether to continue struggling as workerowners In the meanwhile, Lancaster Steel had issued a cheque to Mr Beasley for the machinery At this point, the Ministry of Co-ops intervened in tandem with its policy on co-ops and in support of those co-op members who did not want to be incorporated as wage labourers into Lancaster Steel According to Ms Maramba, the Ministry argued that Lancaster Steel could not purchase the machinery from FSC since the cooperative had not followed any procedures for liquidation or deregistration This prevented the incorporation of the co-op into the semi-parastatal, Lancaster Steel

In an attempt to further protect the co-op from Mr Beasley's endeavours to recover his money, the Ministry of Co-ops paid him Z$ 269 000 in cash for the machinery This meant that the co-op was indebted to the state rather than to Mr Beasley Moreover, according to Ms Maramba, a verbal agreement between the Ministry of Co-ops and FSC held that this debt was a long term loan to the co-op from the state for the purposes of buying the machinery from the former owner

8.10 A Turning Point in the History of Fencing Services Co-op

On 27 May 1989, shortly after the incident with Lancaster Steel and a year after its formation, the CSFS administered its first overdraft facility This

was an overdraft of Z$ 100 000 from Zimbank to FSC. In the light of the history of financial mismanagement in the co-op, the CSFS and Zimbank suggested that the Executive Committee of the co-op be trained effectively in managerial skills. This training was facilitated by the fact that some of the co-op members occupied managerial positions in the former M & D Enterprises. Furthermore, lessons learnt from the past and a determination to be successful *this* time around, facilitated a change in the organisational structure of FSC.

A Management Committee was introduced with the assistance of a volunteer manager. The volunteer, Mr David Parr from the USA, owned and managed a firm there, had consulted and assisted in several worker take-overs in the USA and was scheduled to spend six weeks with the co-op until the end of June 1989. He was placed in FSC for the purposes of transferring skills to the Management Committee which would operate alongside the Executive Committee. This change meant a clear distinction between short-term and daily decision-making, and medium- to long-term decisions. The Executive Committee was elected by general members at the Annual General Meeting of the co-op. The Management Committee was appointed by the executive on the basis of skill. It consisted of the General Manager, and Sales, Factory, and Contracts Managers.

Access to the credit facility of Z$ 100 000 and to on-the-job training in financial and production management through the assistance of Mr Parr marked a turning point in the history of the co-op. According to Ms Maramba, FSC produced a net surplus of Z$ 49 000 during the six months from May 1989 to November 1989. The Balance Sheet dated 1 April, 1989 to 31 March, 1990, shows a net profit of Z$ 34 700. Although the size of the profit indicated differs, there is some evidence that a surplus was produced in the year 1989. When considering the loss brought forward for this year, however, Z$ 377 577, the co-op was still making a cumulative loss of Z$ 342 856 (Balance Sheet, 31 March, 1990).

The introduction of (a) the two tiered structure of Executive and Management Committees with clear rules and mechanisms of control over both worker- and manager-members of the co-op and (b) the appointment of managers on the basis of their skill and experience in management, contributed to the limited success of the co-op relative to its previous record of operation. Albeit, this change did not come without complexities.

8.11 Tensions in the Management-Producer Relationship

Various measures ensured managerial accountability in FSC. These included that (a) all managers were co-op members; (b) they obtained their salaries from the cooperative and thus their material well-being rested on the success of the enterprise; (c) disciplinary measures kept a check on slack performance; (d) managers could be recalled by a two-thirds majority vote of the general members; (e) the General Manager was obliged to produce monthly and annual reports on the financial state of the enterprise

and on decisions made by the Management Committee and (f) general members could vote to change managerial decisions

Significantly, however, general members' inability (due to lack of skill and education) to effectively assess and criticise managerial reports and decisions often made this accountability simply a formality This gave rise to tensions in the manager-producer relationship

The tensions arose mainly from (a) the introduction of a relationship of technical authority based on skill, (b) the existence of extreme disparities in skill and education between member managers and general members and (c) the perpetuation of these disparities through the present management structure They amounted to relationships of social inequality between general and manager members

The tensions were manifested mainly in contests about surplus distribution, for example, wage *versus* salary levels and the payment or non payment of commissions to members in the sales team They also revolved around unequal distribution of social benefits, sometimes referred to as the 'social wage' of the co-op, and issues relating to general conduct of the Management Committee I proceed with examples of such contests

Firstly, producers staged a work stoppage in October 1989 in an attempt to pressurise management to raise wages The fact that they had to resort to such action pointed to a weakness in communication between managers and producers

Secondly, information gathered from interviews with worker-members revealed some dissatisfaction with differentials between wages and salaries

> *1) the ones who work in the offices [are] getting a higher salary - very high I'm earning $70 [per week] If I can get $30 more, then it will be better If the other workers are getting $60 [per week] and they get another $30 to [bring their wages to] $90 they will be happy, even [with an increase of] $20 they will be happy (Interview 4 6)*
> *2) Management [is] not good [because they do] not give any money Management get more wages [I] don't like this [A] $6 or $7 difference [between management's and worker-member's remuneration] is o k [A] $100 difference is not o k [My] wages [are] too low for six children [With] no increment people work weakly The power [to work] is from money - no money, no power (Interview 4 7)*

The latter quotation points to a lack of understanding on the part of the worker-member of the need for differential remuneration in a cooperative enterprise in the light of the ever-present market value of different skills, and the high demand for skilled people in co-ops, especially in management If member managers were to earn only Z$6 or Z$7 more than the worker-members, the co-op would soon be without a Management Committee since these skilled people could easily find better

paid employment in the private sector Experiences among co-ops both in South Africa and in Zimbabwe have shown that the failure to provide skilled members with reasonable incomes leads to a loss of such members which, in turn, reduces the potential to produce surplus revenue and hence to provide all members with an income

Despite this lack of understanding, however, the above quotations did indicate dissatisfaction about low wages This was an indication that the co-op was not altogether successful in providing for the material needs of its members

A third example of such contests was related to the commission paid to salespeople According to Ms Maramba (Management Assistant, CSFS), from mid-1987 to the beginning of 1989 individuals in the sales team were paid commissions on the amount of debt collected and the value of the transactions made with customers (Interview 4 1) The value of this commission as a percentage of the sale or debt collected is unknown Nevertheless, according to both Ms Maramba and Mr Makoni, the collection of debts improved during that time because the commission served as an incentive for sales people

At the beginning of 1989, however, the commission was withdrawn for two reasons The first was that some worker-members disagreed with the payment of commissions to sales people One such incident was explained by Mr Makoni, chairperson of Fencing Services

> *I would go to the lowest common man and try to explain to him [why the sales people are paid a commission] because they would say 'I also want the commission I have welded the gate that you put there, but are you giving me commission? No I also want commission' (Interview 4 5)*

The second reason for the withdrawal of commissions was related to conflict about these payments among sales people and between these and the general manager As explained by Mr Makoni

> *The reason for cancelling the commission was because the sales people could not agree among themselves [about sharing the jobs which accompanied a commission] They were scared that the [sales] manager would get more commission [Furthermore, the sales manager] could start doing his own jobs and not do the other ones so that [he] can get more commission [that is, pressurising the factory floor members to complete the commissioned transactions made by him] The other [sales people] started complaining [about this]*
> *Not all jobs have commission If one [sales person] gets a job today with a commission he wants it done today Now in the factory we have a line of production where we are doing jobs three, four, five, six, seven We can't do this job fifteen today*

Then they [the sales people] are up in arms with me again 'Buy me materials to do this today' Now where can I get money to buy materials for that job [fifteen] and yet these other jobs are lying, of which it is you [the sales people] who have brought in those jobs, they are not yet paid for You've got to control your $ 100 000 [overdraft], don't go beyond [it]

Now I had various things to do [at the time], the lawyers [and] paying the creditors So, instead of sitting down and do[ing] that little thing [settling the struggle with the sales people], which they [were] causing themselves, I said well, at the moment we can't waste our time doing that [settling the struggle] We have to stop it [the commission] if you [the sales people] can't understand the situation at that minute then I have to suspend it [the issue around the commission] till later (Interview 4 5)

The above quotations illustrate contests both between managers and worker-members, and among managers and sales people over the payment or non-payment of the commission

One worker-member's comment clearly illustrated contests about unequal distribution of social benefits

[This is a] co op for [the] management committee They [the managers are] drinking tea [in the offices] [There is] no tea here This is a cooperative? This is not a cooperative (Interview 4 7)

The chairperson's response to this was as follows

if you explain to the people that this is a cooperative and it is our business they would think well, why don't we also go in the office and drink tea Then you have to explain to them why [they will not] win on this place [win the opportunity to drink tea in the offices] Otherwise the government has to come in and intervene [to explain to them why they cannot sit and drink tea in the office (ZE)] (Interview 4 5)

Co-op provision of further education for member-managers and no such benefits as yet for worker-members was a further manifestation of unequal benefits The rationale for providing managers with further education was that it would enable them to be of better service to the co-op as a whole One could argue that general members are equally entitled to further education to enable their more effective understanding of enterprise operations, control over management, and efficient work Education of general members is equally significant as managers' education in making

members of better service to the co-op as a democratic organisation and economic unit

This acclamation, however, sounds much simpler than is possible in practice The reality of illiteracy and innumeracy among a small minority of members, and of a lack of conceptual skills among most of members regarding operations of their enterprise made educating them a difficult, though not impossible, task

Tensions also arose from the general conduct of member managers As expressed by one worker-member

> *The co-op is good but we in the cooperative are not cooperating We've got a difference between the one[s] who work in the offices and the one[s who work on the shopfloor] We are not the same people [on the shopfloor] are not happy with what they [the managers] are doing They [the managers] make a segregation [with] the people, they say they are the top people (Interview 4 6)*

This indicated that the manager-producer relationship in the co-op was hierarchical with worker-members in a subordinate position

Furthermore, an Enterprise Workshop about the concept of a cooperative was organised by the CSFS technical staff for FSC during the research period General members boycotted this workshop in an attempt to indicate to the CSFS that they were dissatisfied with the present Management Committee

> *People didn't come [to the workshop] to show [the] Scheme [CSFS] that there is something wrong with [the] committee (Interview 4 6)*

This information from a producer was later confirmed by the Factory Manager Similar to the work-stoppage of October 1989, this action on the part of general members further indicated lack of effective communication between management and general members

8.11.1 Technocratic Management

The evidence given thus far shows a tendency towards technocratic management in the co-op at the time of research This was confirmed by a comment from the chairperson When asked whether there was any conflict between the Executive and Management Committees, Mr Makoni, chairperson, accountant, and general manager at the time, replied as follows

> *[There has] not [been] much [conflict] because I've got full control I am conversant on both sides (the political and the economic) My side is more technical than this other side [the*

'political' sphere] So, if this other side [the 'political'] wants to overreach that one [the economic/technical] and yet I am the chairman, I stop them and explain [to] them really what it is and what is business so that they don't overreach the other side [technical/economic] (Interview 4 5)

Technocratic management and the resultant centralisation of power over decision-making in the hands of a few skilled member-managers raised important questions about the degree to which FSC's management was democratic Management's centralised power was further facilitated by the overlap between members on the Executive Committee and those on the Management Committee This blocked critical consideration of implications of this management style and inhibited democratisation in the enterprise

The above quotation also pointed to a tension in the enterprise between economic viability and democratic participation The 'technical' refers to the economic viability of the enterprise The 'political' refers to (a) democratic participation of members and (b) whether the distribution of both material and social benefits was in the interests of democratisation With regard to the latter, I have noted that the distribution of education opportunities perpetuated an unequal balance of power in the co-op, a factor hindering democratisation

Information gained from Ms Maramba, the Management Assistant at the CSFS, confirmed my observation that economic viability was a priority in the enterprise at the time of research

In FSC, if a decision is a technical one and it is good for the co-op, they [the management committee] make that decision even if it is something that the members would not take very well They seem to appreciate that you cannot mix the two things You can't run a cooperative on the feelings of the members O K , they have to be considered to a certain extent, but they should not be the major force in determining a decision So, they [the management committee] focus mainly on the viability of the co-op as an economic enterprise (Interview 4 1)

I would agree with Ms Maramba that a co-op is first and foremost an economic enterprise and that its success depends entirely on its economic viability This, however, does not mean that processes of participation and democratisation should be put on hold This begs the question about who is to take care of members' 'feelings' or interests if these are to be considered to a certain extent' in decision-making? Furthermore, it is not a matter of *considering* members' interests, instead, it is one of finding the appropriate balance between a form of democratic participation that maximises the firm's ability to be economically viable These aspects of a co-op are not separable, but rather interrelated

The emphasis placed on economic viability may have been a stage through which the co-op needed to pass on its way to a more democratic form of organisation Movement out of this stage, however, was not going to be automatic Co-op members had to act on organisational problems in order to gain greater democracy

Formally, the Executive and Management Committees were separate bodies, however, in practice, the same people constituted these two structures Furthermore, decisions about democratic goals tended to take second priority in the context of managers' emphasis on economic viability In addition, since EC members were the MC, in their capacity as the Executive, and considering that they were more articulate and educated, these members could sway decisions in a general meeting to suit their requirements

In the light of these problems, FSC needed to provide more effective representation of general member' interests This could be done by having the Executive Committee represent only worker-members This body would then be responsible for appointing a Management Committee accountable to the worker-members The EC could 'negotiate' with the MC about wages and working conditions and could serve the role of a trade-union

The development of technocratic control in the co-op and the neglect of democratic goals such as the interests and needs of members, may have been a partial result of separating economics and democracy/participation in the enterprise in the interests of economic viability Such a separation is false and misleading For example, the CSFS is an organisation established to provide for co-ops financially Its structure and methods of providing access to finance, however, embody concerns about both economic viability and democratic participation

Technocracy in FSC can also be partially attributed to the continuity in management from M & D Enterprises to Fencing Services Co-operative Society This continuity and the approach taken by FSC's Management Committee suggests that there may have been a change in the form of the enterprise - from capitalist firm to collectively owned cooperative, however, the nature of managerial behaviour and practice still needed to change into a more cooperative type management

8.12 An Economic Setback for Fencing Services Cooperative

At the time of research, January 1990, the co-op was in a crisis related to marketing its products One of the problems was that the co-op did not predict a significant increase in the price of raw materials, while the other resulted from the fact that its supplier, Lancaster Steel, was one of its major competitors in the market and the only other manufacturer of barbed-wire

Six months earlier, in June 1989, President Mugabe announced a lift on the price freeze This meant that economic enterprises could apply for price increases on their products FSC and the Management Assistant at CSFS did not, however, incorporate the possibility of price increases on

raw materials in the cash-flow projections for the co-op. Furthermore, since October 1989, Lancaster Steel had been disrupting the supply of raw materials to the co-op.

According to Ms Maramba, Management Assistant at the CSFS, Lancaster Steel did not supply the co-op with its order of raw materials due in October 1989. Instead, the supplier, also a competitor, produced huge amounts of barbed-wire at the old price. In December 1989, after having flooded the market with barbed-wire produced and thus being sold at the old price, the supplier, as directed by the Ministry of Co-ops, delivered three delayed orders of raw material (for the months October, November, and December 1989). These deliveries were made at once with a demand for cash-on-delivery payment for all the orders, valued at a total of about Z$ 114 000.

Since the co-op did not have this much money in cash, it had to extend its bank overdraft to Z$ 150 000 in order to pay for the deliveries in two instalments. In addition, because the co-op did not predict a price increase it was now forced to pay the new increased price for its raw materials. According to Mr Makoni, chairperson of the co-op, the price of a 50 kilogram roll of galvanised wire was increased from Z$ 65 per roll to Z$ 108. The price of raw materials thus increased by 66 percent for FSC. Furthermore, the co-op had been selling such material at Z$ 99 per roll while the cost price was now Z$ 108. The fact that the co-op was caught unaware of this dramatic price increase resulted in significant problems in the marketing of its produce and costly disruptions in its production plan.

Firstly, by January 1990, the co-op had over 400 rolls of barbed-wire in stock, and about 10 tons of galvanised wire. In the face of its competitors' old selling price and in an attempt to prevent tying up capital in the form of stock, the co-op had to calculate a break-even price for its barbed-wire. This meant that FSC was not going to make a surplus on the production achieved during the festive season. In addition, it had to terminate the production of barbed-wire until the available stocks were sold. This in turn meant that its barbed-wire machines were idle.

Secondly, the co-op had lost some of its customers to Lancaster Steel who was selling barbed-wire at the old price. Towards the end of January 1990, however, the Management Assistant had found a customer who was prepared to purchase all the barbed-wire in stock at FSC. The break-even price for the 400 rolls of barbed-wire came to Z$ 60 000. At the termination of the research period this transaction was still in progress.

8.13 Conclusions

Though at a national level the state has not supported co-ops as much as promised, FSC's case is indicative of some such support. From the historical account of this cooperative it is clear that the Zimbabwean state, represented by the Ministry of Labour and the Ministry of Cooperatives, played a significant role in the co-op's formation. Its role included that of advisor, funder and constructive intervenor. The latter is clearly illustrated

in the liquidation negotiations, the prevention of FSC's incorporation into Lancaster Steel and the directive to this semi-parastatal to deliver supplies to the co-op It can, however, be argued that the large amounts of state loan capital invested in FSC to save but a few jobs in an enterprise which was stripped of all its capital may not have been a profitable investment This, however, remains to be seen

In the context of its dependence on state loans and its general financial and managerial difficulties, FSC's active involvement in establishing CSFS was indicative of its attempts to become financially independent and can be seen as a first step towards self-reliance The major obstacle for this co-op was its high accumulated debt most of which was 'inherited' Although there have been clear improvements in managerial performance these were not as yet reflected in figures on balance sheets Nevertheless, such improvements, despite the tensions in the management producer relationship, cannot be ignored when examining the development of the enterprise wholistically It is in the light of FSC's ability to manage its resources effectively that I regard the co-op as potentially viable

Abell's (1981) principles of democratic organisation are relevant in the case of FSC Firstly, the principle of political equality whereby all members have the right to participate directly in decisions affecting the co op is manifested in the role of the General Assembly as supreme authority over enterprise decisions Secondly, the election of an Executive Committee and the appointment of a Management Committee were indicative of practices of representation in FSC The authority delegated to the Management Committee consisting of skilled managers showed a recognition on the part of the co-op that particular decisions require specialised skills The key obstacle to effective implementation of these principles, however, was the extreme disparity in education among members resulting in limited producer participation and control

In the light of the emphasis on economic performance in FSC, one can argue that the enterprise clearly recognised this aspect of cooperative organisation as its primary goal This emphasis was reinforced by the CSFS policy emphasis production of a sustained surplus as the key goal of a co-op Considering the economic difficulties faced by the co-op, however, member-managers' emphasis on economic issues is understandable This suggests that, depending on the stage of co-op development and on the specific experience of a co-op at a particular time, management's emphasis may shift from a focus on 'bread and butter' issues to concerns for member-education and democratisation FSC's management was clearly concerned with the former

There were, however, indications that the democratic organisation of FSC required serious attention In terms of Bernstein's minimally necessary conditions for sustained democracy, the disparity in education among members was a key factor hindering effective participation and full sharing of management information FSC was also characterised by ineffective representation of worker-members' interests Furthermore, the technocratic nature of management pointed to limits in the type of consciousness

required by managers according to Bernstein's conditions, namely a consciousness of both 'educators' and 'democratisers'

In the light of these observations, I conclude that at the time of research, FSC faced significant constraints to sustained democratisation and that the co-op practiced a limited degree of participative democracy Among these constraints were (a) the disparity in education between managers and general members, (b) the need to prioritise economic issues at that stage of the co-op's development and (c) the lack of effective representation of general members When viewed as a process, however, there is some space in FSC for progressing towards increased and sustained democratisation The education of general members, and the introduction of a representative body to balance the management committee's emphasis on economic performance could shift the enterprise towards greater democracy Such a shift would, however, depend on FSC's economic performance Unless member education is financed through grants, the co-op will need to generate sufficient revenue to set aside resources for member education

CHAPTER 9

A COMPARATIVE ANALYSIS OF THE COOPERATIVES STUDIED

9.1 Introduction

I begin this comparison at a very general level by looking at similarities and differences in the contexts in which the enterprises operate These are important in giving an indication of (a) the historical and socio-political aspects influencing cooperative development and (b) the specific constraints faced by such enterprises I then point to broad similarities and differences among the enterprises, focusing on general characteristics and constraints The general differences identified suggest that the enterprises are at different stages of development I continue to highlight more specific similarities and differences The enterprises are compared in relation to the themes in each case study, namely, levels of organisational development, degrees of democratisation, relationships with other organisations and members' cooperative consciousness Management structures and practices, conceptualised as relationships between managers and producers, are used as an indicator of levels of cooperative organisational development

9.2 The Contexts

9.2.1 Similarities between South Africa and Zimbabwe

Both South Africa and Zimbabwe are capitalist economies in which the bulk of productive property is in private hands with production being for private interests, in the pursuit of profit, through the employment of wage labour Self-managed cooperative activity plays a marginal role in these economies Moreover, a capitalist economic and institutional environment imposes similar practical constraints on co-ops These have been dealt with in detail in Chapter 3

Further similarities include (a) the legacy of colonialism and capitalist domination, more specifically, the impact of this historical experience on the actions and consciousness of cooperators and on their position in broader society, (b) the severe lack of experience among cooperators of cooperative work and organisations, (c) their low levels of literacy, education, and skills (with the exception of Montagu Carpentry Co-op), and (d) their subordinate position in the economy and in society These factors form the core of internal constraints to cooperative development in both South Africa (SA) and Zimbabwe In addition, the predominant forms of social relations (class, race and gender relations) in SA are similar to those in Zimbabwe In this regard, the socialisation processes which cooperators undergo is similar This implies, firstly, that cooperators, both in Zimbabwe and South Africa, face the challenge of unlearning old ways of doing things, and secondly, that support structures in these countries face the challenge of facilitating this process

South Africa and Zimbabwe are the two most industrialised economies in the Southern African region Both countries, however, have been experiencing escalating processes of urbanisation and unemployment Unemployment in Zimbabwe at the time was of a similar scale to that in SA - approximately 30% Both economies are characterised by slow growth, especially in formal sector employment The formation of cooperatives should be seen in the context of these high levels of unemployment and slow growth

Just as in Zimbabwe, there are two strands of cooperative activity in SA established farmers' marketing and consumers' co-ops on the one hand, and on the other, consumer and producer co-ops among the marginalised and unemployed Furthermore, in both countries most contemporary co-ops are engaged in clothing manufacture involving mainly women

9.2.2 Differences between South Africa and Zimbabwe

Some of the major differences include (a) the stage of cooperative development, (b) the relative weakness of working class organisation in Zimbabwe in comparison to SA and (c) the role of the state in relation to cooperatives I proceed to discuss each of these differences briefly, considering the implications for cooperative development

Stage of Co-op Development
Unlike Zimbabwe, SA has little historical experience of comparable co-ops to draw from Co-ops in SA are essentially in formation and organisationally relatively undeveloped Though the majority of co-ops in Zimbabwe share similar features, co-ops in this country are a few steps ahead of those in SA Unlike South African co ops of the 1980s, Zimbabwean collectives have a slightly longer history of organisation manifested in the founding of the Organisation of Collective Cooperatives in Zimbabwe (OCCZIM) in 1983 Despite OCCZIM's organisational weaknesses, it has played a significant role in the historical development of the contemporary cooperative movement in Zimbabwe The lessons learnt from OCCZIM have had relatively significant influence on the establishment of the Collective Self Finance Scheme (CSFS) as a first step towards a self reliant co-op movement in Zimbabwe This is an indication that though the co op movement in Zimbabwe is itself embryonic, it is at a further stage of development than that in SA Although one can identify major clusters of co-ops across SA, there is as yet no formally established progressive co op movement in this country

Relationship to the Workers' Movement
South African cooperatives and cooperative organisations have a potentially strong support base from which to start - a well established workers' movement Such a social force is and has long been absent in Zimbabwe The history of working class organisation in SA is likely to have a significant impact on cooperative development and broader

cooperative organisation Recent developments, including organising the unemployed and trade union support for cooperatives, are indicative

It is important to note, however, that a strong working class movement has to be aligned with relatively successful cooperative enterprises in order to form the base for cooperative organisation In SA today, there are very few successful cooperative enterprises The absence of a cooperative movement is in a sense a reflection of the current state of co-ops in SA

Role of the State

Unlike its South African counterpart, the Zimbabwean state has made some commitment to support co-ops I have noted the disjuncture between Zimbabwean state promises and practices in this regard, and explained this in terms of the balance of class forces in Zimbabwean society My conclusion is that the absence of strong working class, peasant, and/or cooperative organisations makes it difficult for the relevant parties to demand action on state promises Nevertheless, one should not lose sight of developments in the field of state policy on co-ops, such as the effects of the Cooperative Societies Bill of 1988 One should also bear in mind state support for Fencing Services Cooperative Society in the form of (a) legal representation in preventing liquidation of the firm, (b) advice in the initial developments of the co-op, and (c) financial support Such general and specific forms of support have not as yet arisen in the South Africa

The legal position of cooperatives differs in the two countries Although legislation governing co-ops in Zimbabwe in 1990 dated back to the colonial period, steps were being taken to draft new legislation The latest legislation, the Cooperative Societies Bill 1988, specifies conditions for registration with the Ministry of Co-ops and sets out clear provisions for organisational structure and duties within co-ops Although informal, unregistered pre-cooperatives are found both in SA and Zimbabwe in rural and urban areas, a large proportion of Zimbabwean collectives are registered Because no relevant legislation exists in SA as yet, the vast majority of co-ops in SA have no specific legal status

Additional Differences

Further differences in the features of co-ops in these countries are that (a) co-ops in Zimbabwe are predominantly engaged in agricultural activity while those in SA are found mainly in services and manufacturing and (b) unlike co-ops in SA, collectives in Zimbabwe generally include in their organisational structure an elected management committee and general manager In addition, Zimbabwean collectives are financed by the government, by contributions from cooperators in the form of demobilisation funds, by donor agencies and through the CSFS In SA, such ventures are mainly financed by donor agencies

9.3 General Similarities among the Case Studies

All, but one, of the South African co-ops studied were initiated by the people for whom the enterprises were intended It is only the Langa Spinning Project which was initiated by the Catholic Welfare Bureau (CWB) In SA, co-ops are generally initiated by cooperators themselves, by community leaders, trade unions and service organisations This pattern of initiation is very different from that in the rest of Africa

> *African cooperatives, unlike similar organisations in industrialised nations, did not emanate from the people for whom they were intended, but rather in response to active encouragement and financial assistance from governments, because they were considered instruments of development (ILO, 1988 10)*

This difference is related to the presence of an illegitimate state and a context of political repression before the beginnings of transition to democracy in this country in April, 1994 During this time, non-governmental organisations (NGOs) such as Montagu and Ashton Community Services (MAG) referred to in Chapter 7, for example, and trade unions played a significant role in initiating community development projects Examples of such projects include the cluster of co-ops in the Overberg region and those linked to various trade unions Such activities on the part of NGOs have been significant in the context of a history of limited and ideologically biased government involvement in development With the newly elected legitimate government which is concerned about economic and social restructuring, this pattern is likely to change and could include active state support for cooperative enterprises as part of a solution to development Experiences of NGOs can be important guides for social and economic restructuring in the current political climate of transformation

At a general level, the co-ops studied were relatively similar For example, all the enterprises were small-scale with memberships ranging from eleven to fifty-seven people With the exception of some members of Montagu Carpentry Cooperative (MCC), for example, the manager, the producers were generally drawn from among unemployed and marginal populations All the enterprises were engaged in manufacturing while Launisma Enterprises (LE) and Fencing Services Cooperative Society (FSC) also provided primary services The co-ops were initiated with the aim of creating and/or saving jobs For this reason, a major concern for the producers was material survival With the exception of MCC and FSC, the enterprises were engaged in informal economic activity for the purposes of survival and essentially marginal to the economies in which they operated

In addition, they faced similar constraints Among these were a weak capital structure, a highly competitive market, lack of and/or limited access to credit, lack of skills, more especially management skills, and education,

the absence of an appropriate legal structure in which to operate, and non-democratic habits and values on the part of the membership

A further similarity was that each enterprise had a particular power structure which gave rise to conflict within the co-op The bases of power and conflict in each enterprise were, however, very different Related to this similarity, was another, namely, that people in different roles and positions in each enterprise had different perceptions of the co-op Furthermore, each of the enterprises were linked to a support structure of some kind

9.4 General Differences among the Case Studies

Alongside differences in the their products and the markets for which they produced, there were other notable differences among the cooperatives Although all the co-ops lacked managerial skills, some were worse off than others In this regard, Launisma Brickmaking Cooperative (LBC) was worse off than the Spinning Project (SP), Montagu Carpentry Co-op (MCC) and Fencing Services Cooperative Society (FSC) who had access to relatively skilled managers Similarly, with regard to financial resources and member-education levels, some co-ops were worse off than others In terms of access to credit, for example, LBC was financially worse off than SP, MCC, and FSC In terms of debt, FSC was worst off because of its inherited accumulated debt Member-education levels tended to be lower in SP and LBC than in MCC and FSC Economic problems differed from one enterprise to another those experienced by MCC were growth related while the remaining enterprises had problems with the actually viability of their activities in highly competitive markets Furthermore, the co-ops differed in the type of service organisations to which they were linked

9.5 Different Levels of Organisational Development and Degrees of Democratisation

These general differences, more especially the fact that some enterprises were worse off than others in particular respects, suggest that the co-ops studied were at different stages of development Along a continuum of stages of development, the SP and LBC were in the early stages of development with LBC slightly ahead of the SP, while MCC and FSC were further along the continuum, at later stages of development, with FSC slightly ahead of MCC in certain respects, and *vice versa*

These differences in stages of development among the enterprises were reflected in (a) their levels of organisational development, (b) the degrees of democratisation, (c) their managerial structures and practices, (d) their relationships with other organisations and (e) members' cooperative consciousness I proceed to highlight more specific similarities and differences among the enterprises by focussing on these aspects

9.5.1 Levels of Organisational Development

In comparison with MCC and FSC, the SP and LBC had relatively simple and informal organisational structures indicating early stages of organisational development The organisational structures of MCC and FSC were more complex In addition to a clear division between management and production tasks in these enterprises, there was a relatively well developed technical division of labour reflected in the division of production into departments with department heads Furthermore, there was a sense of progress in organisational development in both MCC and FSC - a process absent in the other enterprises This was especially visible in developments in the organisation and control of production in MCC, and in the separation of the Executive and Management Committees tasks in FSC Moreover, this differential in organisational complexity is not a function of size, as the SP and MCC were similar in size while LE and FSC were similar in this regard

As with LBC, MCC formed part of a network of enterprises Unlike the case of Launisma Enterprises (LE), however, co-ops in the Overberg region were *structurally independent* and only *functionally interdependent* These organisational linkages allowed for supportive relationships among the co-ops, rather than exploitative relationships noted among enterprises in LE Moreover, the organisational structure of FSC was more advanced than that of either of the other co ops Unlike the other enterprises, FSC had an ownership structure in addition to a management structure subdivided into financial, entrepreneurial and production management In this regard, FSC was the most developed organisationally

9.5.2 Management

Management as an institution and organisational feature of a democratic work organisation is an important indicator of stages of organisational development, democratisation and democratic/cooperative consciousness A comparative analysis of management structures is likely to reveal significant features of the enterprises studied For this purpose I focus on the following related aspects of management

a) who recruits/elects/appoints and hires management,
b) criteria used to introduce management,
c) the form which management takes,
d) the material and social base of management,
e) the power and accountability of management,
f) producers' power in relation to management and levels of participation in decision-making and
g) the quality and effectiveness of management

I proceed by dealing with each of these criterion in the above order and point to some of the sociological insights which the comparisons provide

Recruitment
Management in the SP was recruited and hired from outside by the service organisation (CWB) for the enterprise The spinners did not choose their manager In this regard, the situation in the SP was very different from that in the other three enterprises where management was either elected or appointed by the producers Contrary to practices in the SP, those in the other three enterprises were more in tandem with the cooperative principle of control, through elections, by the producers Hence, I regard LBC, MCC and FSC as relatively more developed

Criteria
In the case of the SP, the criteria used to introduce management were both the need for such skills in the enterprise and the skill of the person recruited These criteria were, however, set by the CWB and not the producers In LBC the following attributes were considered when electing the manager his experience, though limited, in business operation, his position as both community leader and elder, his relative proficiency in English and access to donor agencies for funds The manager of MCC was appointed on the basis of his previous performance as acting co op coordinator of the MAG doing managerial tasks, and of the need for skills in the enterprise Similarly, in FSC the Management Committee was appointed on the basis of their skill and previous managerial experience in M&D Enterprises

In the latter two enterprises skill and experience formed the basis for appointing management In the light of the severe lack of such skills in co-ops, such appointments are in the interests of the development of the enterprise Although the manager of the SP was similarly chosen, the key difference is that she was not chosen by the producers, a practice which relinquished control by the producers thereby hindering the development of the project into a cooperative With reference to LBC, election of the manager on the basis of his personal power proved to be detrimental to both the organisational and the economic development of LBC

Form
The general scarcity of managerial skills among cooperators and of managers who want to work in cooperatives indirectly affects the form of management in co ops People in this capacity often have to be hired from outside the enterprise In addition, a lack of financial capital in co ops makes it difficult for them to have more than one skilled manager

In the SP the manager was a single person hired by the CWB from outside the project She was not a member of the project In the case of LBC, the manager was a single person assisted by an administrative committee Both the manager and the committee members were not members of LBC, however, they were members of LE In MCC the manager was assisted by one administrative assistant and both these people were members of the cooperative The Management Committee of the FSC consisted of members of the co-op

In the light of the general definition of a cooperative as an enterprise in which the members are simultaneously the owners, workers and managers, having member-managers is an indication of developments along the lines of cooperative organisation In addition, a clear division of labour within management as in the case of FSC is more conducive to efficiency than, for example, the heavy load of tasks carried by the manager in MCC This contributed positively to the organisational development of the FSC in terms of task specialisation and efficiency

Material Base

The membership position of management has implications for its material base, that is, the source of its remuneration In the case of the SP, the material base of management was located outside of the enterprise with the manager obtaining her salary from the service organisation rather than the enterprise Considering the absence of accountability mechanisms between the CWB and SP, this feature placed unlimited power and control in the hands of the manager This left producers dependent on and powerless in relation to management, a situation clearly indicating the prematurity of this enterprise

In LBC, this base was, in theory, only partly located within the enterprise This was so because management's base was spread over all the enterprises in LE Though, in theory, management was paid by all the enterprises, my account of practices in this case clearly indicate the contrary When funds were available, LBC paid management, when not, management was not paid Contrary to circumstances in the SP and LBC, the material base of management was located wholly within both MCC and FSC with managerial salaries drawn from the revenue of the respective enterprises

In comparison with the position of management in the premature enterprises (SP and LBC), this institution was more solidly based within MCC and FSC

Managerial Power and Accountability

The skill levels of management in relation to the producers, its form and the location of its material base have direct implications for its power in decision-making and its accountability to the producers

In the SP all such power was in the hands of the manager, Ms Walker No accountability was practiced, and there were no mechanisms to ensure/facilitate accountability. Similarly, management in LBC under Mr Langa was all powerful with very little accountability Mechanisms available to facilitate accountability were weak In MCC managerial authority was in the hands of the manager Mr Grutter's power was, however, regularly checked by the producers Management in FSC also held full authority with each manager overseen by the General Manager, Mr Makoni Accountability to the General Manager and the Executive Committee was practiced through weekly reports in committee meetings In theory, managerial power was checked by the General Assembly in

monthly general meetings In practice, however, this was simply a formality because of the disparity in education and expertise between management and general members, and the consequent inability of producers to effectively challenge management

With regard to managerial accountability, the SP and LBC were at the bottom of a rung of increasing accountability, with FSC located towards the centre, and MCC located beyond the mid-point It is important to note that relatively more complex managerial structures in FSC did not necessarily imply greater accountability In comparison to MCC, the larger size of FSC, the greater disjuncture in expertise and education between management and producers, and the absence of effective representation of the producers hindered greater accountability

Producers' Power and Participation in Decision-making

The power and accountability of management in turn has implications for the power of producers in relation to management and the extent of member participation in decision-making In this regard, there was no participation on the part of producers in decision making in the SP The spinners were powerless in relation to their manager Member participation in decision-making in LBC through practices of "non-opposition" was essentially symbolic rather than real leaving producers powerless in relation to their more articulate manager In comparison to the circumstances in the former enterprises, there was a relatively high level of member-participation in daily management and some, though limited, participation in medium to long-term decisions in MCC Though limited, the latter sphere of participation was real rather than token and occurred by simple majority voting Producers in MCC were thus relatively more powerful Member-participation and power in FSC was hindered by the education disparity mentioned earlier and the lack of effective representation of producers' interests.

In this respect, on a continuum of increasing participation, the SP and LBC ranked lowest, with FSC placed about one quarter of the way up, and MCC placed slightly above the mid-point

Quality and Effectiveness

The above analysis combined with the knowledge gained from the case-study material, enables one to characterise management in the SP as centralised in the hands of one person and imposed on the producers The manager was ineffective in empowering the producers and her involvement in the process of transformation of the SP into a co-op did not serve the spinners' interests Similarly, management in LBC was centralised and ineffective both in empowering the producers and in improving economic performance Managerial authority in MCC was also centralised The key differences in relation to the former enterprises, however, were (a) that management was accountable to the producers and (b) that the manager was relatively effective in facilitating the empowerment of the producers and the improved economic performance of the co op In the case of FSC,

managerial authority was centralised in the Management Committee resulting in technocratic management This committee was not working towards empowering the producers It was, however, working towards improving the economic performance of the enterprise Results, however, with reference to improved economic performance remain to be seen

9.5.3 Implications for Cooperative Management

These comparisons suggest that all the factors above have significant implications for the role and effects of management on cooperative development and organisation On the basis of these comparisons with regard to cooperative management, I conclude that
(a) skilled and experienced management is a necessary component of successful cooperative development,
(b) management should be chosen by the producers,
(c) managers should be co-op members remunerated from co op funds and
(d) there are three prerequisites for accountable management

1 practicable accountability mechanisms,
2 an educated general membership and
3 effective representation of producers interests

Furthermore, the comparisons suggest a relationship between (a) methods of recruitment and appointment of management, (b) its form and material base and (c) its accountability There is a further relationship between the level of education and degree of effective representation of producers, and managerial accountability The contrasting experiences of the SP - characterised by management recruited and paid from outside the co op, and by unskilled membership - and MCC - with skilled membership and a member-manager are indicative of these relationships

9.6 The Service Organisations

Each of the service organisations (SOs) in this study were different in nature The CWB is a welfare organisation, the MAG, a community development organisation, the UWM a political organisation for the unemployed and the CSFS, a self-finance scheme for cooperatives Unlike the latter two, the former have a religious orientation The CWB and MAG were more established compared to the UWM and CSFS which, at the time, were younger organisations in formation With specific reference to cooperative development, however, the CWB and the UWM were inexperienced compared to the MAG and the CSFS Furthermore, the UWM, CSFS and MAG had a more grassroots base than the CWB In this regard, the unemployed organised by the UWM (with the exception of the cooperators in LÉ and BC which were in the process of struggling for such representation at the time of research) had direct representation on its decision-making structures In the CSFS, the cooperators served have

direct representation on decision-making structures Similarly, in the MAG, the community served is directly represented

Significantly, with the exception of the CSFS, none of the service organisations had a clearly defined policy *specifically* on cooperatives and their activities in the development of such enterprises Although the MAG has a clearly defined development policy, it is general rather than specifically concerned with co-op development The CWB and UWM, on the other hand, had neither a clearly defined general development policy nor such policy on co-op development Also significant, is the fact that the CSFS is the only organisation established by co ops for co-ops

Due to a lack of information on the CWB's relationships with funders, this section focuses mainly on the MAG, the UWM, and the CSFS The MAG, being a relatively established SO, had access to various sources of funds thereby enabling it to seek and choose funding on terms which suit its development policy On the contrary, at the time of research, the less established UWM was dependent on a single source of funds through SCAT Its relationship with SCAT was such that it had little, if any, power to influence the terms of funding Consequently, when SCAT withdrew its support for the unemployed due to changes in its aims and policies, the UWM was left in financial crisis

The CSFS stands out as the most powerful SO in relation to funders This is reflected in its legal agreement with the funders and its relationship with Zimbank It is one among few SOs in Southern Africa engaged in formal financial transactions with a recognised commercial bank The evidence indicates that the CSFS is by far the most advanced service organisation in the sphere of cooperative development and services

9.7 Relationships between Service Organisations and Co-ops

In their relationships with the co-ops concerned, the MAG and the CSFS emphasised self-reliance and saw cooperatives as essentially economic enterprises which compete in a market This philosophy was reflected in their practices Both the MAG and the CSFS did not provide financial grants to co-ops, instead, they provided and/or facilitate access to loan finance In addition, such financing was accompanied by skilled financial management services On the contrary, the practices of the CWB and the UWM of providing and/or facilitating access to grants/aid without skilled services to accompany such aid contradict the notion of co-ops as self-reliant, primarily economic enterprises

In the case of the CWB, its continuous financial support for an unviable enterprise, the top-down management relationship, particularly in the process of transformation into a co-op, and its essentially employer-employee relationship with the spinners created a dependent enterprise This effectively disempowered the producers, a situation inconducive to building self-reliance Similarly, the UWM's practice of providing grants and its inexperience and lack of skill in servicing co-ops had a detrimental effect on the development of the LBC into a viable, democratically

organised enterprise. On the contrary, the approach to co-op development of both the CSFS and the MAG, their practices of providing only loan finance, and their provision of services by skilled people had positive implications for both economic development and democratisation in the enterprises concerned. Of particular importance is the significant role of the CSFS in promoting self-reliance in co-ops.

These comparisons suggest that there is a direct relationship between service organisation policy and practice, and cooperative development.

9.8 Cooperative Consciousness

In this section I compare levels of consciousness and suggest possible implications of particular perceptions within the co-ops studied.

A significant similarity among the co-ops studied was the occurrence within enterprises of different perceptions of a co-op. I attributed these differences to variations in people's positions in broader society as well as in the co-op. When considering the latter variations, managers differ from producers in their perceptions. Furthermore, in FSC, there were variations among producers' perceptions possibly attributed to different types of consciousness among producers. I proceed by comparing, firstly, producers' perceptions and the implications for co-op consciousness and development, and secondly, managers' perceptions and their implications.

9.8.1 Producers' Perceptions of a Co-op

Most producers in the SP and LBC were unemployed and formed and/or joined the enterprises because they needed income for survival. This resulted, firstly, in the absence of a frame of reference to cooperation among these producers and secondly, in a close resemblance in the consciousness among these producers. In both the SP and LBC, producers' understandings of a co-op were based on their material need for survival irrespective of the organisation of the work environment. These perceptions imply (a) that these co-ops were simply one survival strategy among others and (b) that in the event of materially more rewarding strategies, the cooperative form of organisation became less important. I have argued that such consciousness places limits on the development of the enterprises into viable, self-sustaining, democratic organisations able to provide relatively secure employment.

Although FSC was formed to save jobs for survival in the face of unemployment, these producers, unlike those in the SP and LBC, had their immediate experience of work in M&D Enterprises against which to compare their situation in the cooperative. This gave them some frame of reference to cooperation. Varying perceptions among producers in FSC, however, indicated different types of co-op consciousness: (a) for some the enterprise was a survival mechanism; (b) for others it was seen as an organisation with the potential to provide job security.

Unlike in any of the other co-ops studied, members in MCC joined the enterprise not only for material reasons, but also because of its particular form of organisation This was clearly reflected in the relevant quotations in which the central idea was that MCC was different from other enterprises because of the absence of *baasskap* This common central idea was based in the producers' common work experiences characterised by power relations based on interlinking class and race relations These common experiences formed a relatively firm basis for an initial frame of reference to cooperation in MCC The presence of such a frame of reference had positive implications for the development of the enterprise One such positive effect was reflected in the continuous negotiation around authority in the sphere of management and the consequent refining of that relationship to suit the needs of the co-op

Significantly, from producers' points of view, the basis for tensions around the management relationship differed in MCC and FSC In the former enterprise the tension revolved mainly around the negotiation of authority, while in the latter it was about the distribution of surplus and benefits These significant qualitative differences show that the struggles around management in MCC reveal more advanced member-consciousness than in FSC

Along a continuum of levels of producers' cooperative consciousness, and on the basis of the suggested implications of types of consciousness, I rank the SP and LBC lowest, with FSC following closely ahead of them in the lower ranks, and MCC placed just above the mid-point

9.8.2 Significance of these comparisons

These comparisons suggest, firstly, that there are different types of consciousness among producers Secondly, they reveal a relationship between the type of consciousness of producers and the long-term development of the cooperative In this regard, a consciousness which is self-centred in the short-term is likely to be detrimental in the long-term By contrast, a consciousness which is organisation-centred and concerned with long-term self-interests is likely to have positive effects on co op development Furthermore, there is a relationship between producers' consciousness and the stage of cooperative development The experience of MCC is indicative

9.8.3 Managers' Perceptions of a Co-op

The general perception among managers in all the co-ops, with the exception of Mr Langa in LBC, was that cooperatives are similar to privately owned enterprises in that they are economic enterprises, but different in their organisational, decision-making, and ownership structures This recognition on the part of managers, more especially

member-managers, of the economic function of a co-op as fundamental has positive implications for their long-term commitment to the development of the enterprises The position of managers in the cooperative as a whole, however, specifically their ultimate responsibility for the economic success of the enterprise, and the consequent emphasis in their perceptions on the economic function of the co-op can conflict with democratic organisation in the enterprise This is evident in the development of technocratic management in FSC, for example

This suggests a tension between the two key goals of a cooperative economic success and democratic organisation Further, the difference in managers' and producers' perceptions suggests a tension between these two constituencies in a co-op

9.9 Conclusions

My comparison of the contexts in which the co-ops operate lead to the conclusion, firstly, that the enterprises faced similar constraints Some of these are reflected in the constraints identified in Chapter 3 Some of the key constraints, however, namely, (a) illiteracy and severe lack of education and (b) the impact of the legacy of colonialism on cooperators' actions and consciousness are specific to the context of a developing society and do not appear among those listed in Chapter 3 These specific obstacles to cooperative development have significant implications for both theory and practice in the field

Secondly, I conclude that cooperative development in South Africa is embryonic compared to the relatively more advanced movement in Zimbabwe The struggles of OCCZIM and the CSFS offer significant lessons for co-ops in SA in relation to the organisation of cooperatives in society Specifically, the struggles of the collective co-op movement in Zimbabwe highlight the importance for co-op organisation of (a) a well-organised co-op movement independent of both the state and aid organisations and (b) an integrated cooperative service organisation such as the CSFS

Despite this state of the South African cooperative movement, however, there is some basis for its future development Firstly, the history of a strong working class movement in SA provides a solid base for a growing co-op movement, and secondly, in the light of new political developments in SA, the history of an absence of state support for South African co-ops is likely to change in the future Among the key challenges of a future South African state would be to counter dependency among co-ops

When comparing the co-ops at a general level, I find among the key similarities a major concern with material survival This feature of cooperative activity is very different from activities which form the basis for the theory presented in Chapter 2 In the latter ventures, ideological reasons for cooperative formation were paramount This particular feature of cooperative activity in Southern Africa has significant implications for

both theory and practice in the field I have pointed to some of these implications in the sections on cooperative consciousness

My examination of general differences among the enterprises indicates that some are worse off than others in certain respects, for example, education, financial resources and managerial skills This leads to the conclusion that cooperative development is a process involving various stages of development

In the next and final chapter I present the research findings and conclusions of this work In the light of these conclusions, the next chapter attempts to conceptualise cooperative development as a process involving different stages of development Suggested stages are matched with corresponding characteristics Finally, some implications of this conceptualisation for cooperative organisation and for service organisations are highlighted

CHAPTER 10

COOPERATIVE DEVELOPMENT: A PROCESS

10.1 Introduction

In this concluding chapter the theoretical and practical considerations reviewed in Chapters 1 and 2 are integrated with the empirical evidence given in the case studies I evaluate the degrees of democratic organisation in each enterprise in relation to Abell's (1981) principles of democracy and Bernstein's (1976) minimally necessary conditions for sustained participatory democracy I proceed to categorise each case study in terms of Brecker's (1988) stages of cooperative development Following this I expand upon the possible characteristics of each of the stages of development in this way illustrating that cooperative development is a process In addition, I distinguish between the essentially abstract stages of co-op development and the reality of this process I suggest some practical implications of these stages for service organisations and cooperatives and the chapter closes with further key findings and related conclusions

10.2 Degrees of Democratisation in the Cooperatives Studied

In terms of Abell s (1981) five principles of democracy and Bernstein's (1976) minimally necessary conditions for sustained democratisation, the Langa Spinning Project and Launisma Brickmaking Co op were characterised by low degrees of participatory democracy with little sign of progress towards increased democratisation In the former enterprise this was manifested in the absence of the spinners' participation in decision making and the dominant role played by the manager, Ms Walker Furthermore, the outcome of the process of transformation of this project into a cooperative left the spinners powerless in relation to the Sheep Shop which continued to play the role an employer with the spinners as piece-workers In addition, the spinners were concerned with material survival in whatever form possible It made little difference to them whether they worked for an employer or as a collective This survival consciousness further hindered the possibility of democratisation in this enterprise

Similarly, members of Launisma Brickmaking Co-op perceived this enterprise as one survival strategy among many This impeded the development of a cooperative consciousness Furthermore, the lack of member participation in decision-making due to their low levels of education, their internalisation of respect for elders such as Mr Langa which left his role as manager unchallenged, and the cumbersome structure of financial interdependence of enterprises which perpetuated the unequal distribution of scarce financial resources left little room for the development of a participatory democratic enterprise

By contrast, Montagu Carpentry Co-op showed a relatively higher degree of democracy with definite signs of movement towards building increased democracy This was evident in producers' increasing

participation and control over the enterprise at both the levels production and decision-making The appointment of a member manager with delegated managerial authority and who was clearly accountable to the producers further facilitated democratisation Furthermore, producers' active involvement in building an alternative to the dominant culture of authoritarian work relationships based on race was indicative of the growth of a democratic consciousness

Although some mechanisms for ensuring democratic participation and control were present in Fencing Services Co-op (FSC), the disparity in levels of education of general members and management made these a mere formality Additionally, in the context of no representative body to serve the interests of general members, member-managers' emphasis on economic performance and their lack of attention for empowering producers resulted in technocracy This pointed to a limited democratic consciousness on the part of member-managers These factors were indicative of constraints to sustained democratisation in this enterprise However, in the context of FSC's active involvement in establishing the Collective Self-Finance Scheme along with other co-ops in Zimbabwe, there is a possibility that this enterprise will learn from other more conscious members of the Scheme Furthermore, the Scheme does not only focus on financing The availability of a Scheme staff member responsible for social problems of general members allows some space for the articulation of members' grievances Finally, if the co-op considered the recommendations based on this research, namely, that education for general members is a priority and that a representative body for these members is needed to counter-balance management's lack of focus on further democratisation, there is room for a move towards increased democracy in this enterprise

10.3 Cooperative Development: A Process

Brecker's (August, 1988) four stages of cooperative development are characterised by different economic, organisational, ideological, and political features In the light of his insights I categorise the Langa Spinning Project as a pre-cooperative, Launisma Brickmaking as non-viable, while both Montagu Carpentry and Fencing Services Co-op were potentially viable at the time of research The evidence provided by these case studies enhances these insights by allowing one to expand on his characterisation of each stage of development

10.3.1 The Pre-cooperative Stage

The Langa Spinning Project exhibited features of a pre-cooperative On the basis of this case study I suggest the following additional characteristics of a pre-cooperative in the context of a developing economy

A co-op at this stage of development usually involves a small group of people producing goods on a small scale In most cases in South Africa producers are poor, unskilled, unemployed, black, and often illiterate and innumerate Their socio-economic position is a key factor contributing to the lack of material resources in the form of finance and equipment in these enterprises Often low skill levels result in the production of poor quality goods unable to compete on the market

Their previous work experiences are usually in capitalist firms as unskilled wage-labourers under the authority of white (and in some cases, coloured) supervisors In some cases producers have been involved in trade union activity, while in others they have been continuously unemployed for long periods and sometimes involved in organisations for the unemployed In the case of black women, their previous work experiences are predominantly as domestic workers and/or 'housewives' with little organisational experience

Typically, in societies with histories of colonial / racial domination the membership of pre-cooperatives is characterised by a sense of powerlessness rooted in their historical position of subordination in society In contexts of high and rising unemployment, cooperatives often serve as means of survival The marginalised and unemployed population is most likely to form or join co-ops in South Africa

Considering their previous work experiences, people involved in pre cooperatives have little or no understanding of cooperative production, ideology, and organisation In addition, they have little or no experience of operating an economic enterprise and of managing any such venture They are thus unable to conceptualise the functions of a co-op as an economic organisation A preoccupation with material survival in co-ops of the unemployed hinders the development of a conceptualisation of the cooperative form of organisation Cooperative consciousness is thus highly undeveloped at this stage of development

Such enterprises are sometimes voluntary associations and other times initiated by people and/or organisations other than the members themselves On the one hand, political leaders and/or elders in the community initiate cooperatives On the other hand, political, religious, and community development organisations and/or organisations with social responsibility programmes are also actively involved in initiating such ventures

The basic cohesive factor in pre-cooperatives is usually the need for employment The major concern among members of pre-cooperatives is the need for material survival The small scale of such co-ops combined with the lack of experience among members of such forms of organisation usually contributes to their relatively simple level of organisational development

10.3.2 The Non-Viable Stage

Brecker's (1988 8) characterisation of non-viable co-ops includes that they have insufficient management skills and material resources in the form of assets and reserves, are characterised by subsistence levels of income and are not yet capable of generating a surplus sufficient to both sustain members and reinvest in expanded production

In addition, the experience of Launisma Brickmaking Co-op suggests that the basic factors of cohesion in such enterprises include, firstly, access to employment even though remuneration is meagre and sometimes non-existent and, secondly, the hope that 'things will eventually work out' The major concern among members of non viable co-ops is how best to meet their need for survival In non-viable co-ops the members usually contribute long hours of hard work, often for little or no pay, in the hope that some day in the near future they will benefit from their sacrifices These sacrifices, however, are usually made in a context where the members do not have a conception of the broader factors which have an impact on the operation of their enterprise

Organisationally, such enterprises are relatively undeveloped Often one person dominates and makes decisions and/or the enterprise is controlled by the organisation funding it Thus, non-viable co ops are often characterised by a 'leader follower' syndrome - a situation which perpetuates powerlessness among the members Such enterprises usually barely survive on the crisis management techniques used by the 'leader' and the 'contacts' / 'connections' the leader may have when the co op needs help

10.3.3 The Potentially-Viable Stage

According to Brecker (1988 8), cooperatives at this stage of development have overcome the basic weaknesses of pre-cooperatives and non-viable co ops Such co-ops are characterised by a capacity for planning towards producing a surplus because they have the minimally necessary managerial skills Furthermore, such enterprises are actively engaged in production for the market with their major problems being enterprise growth and discrimination from conventional financial institutions

In addition, such enterprises are usually relatively versatile in their ability to survive The major concern among members of potentially viable co-ops is, however, 'in what form do we survive?' Such enterprises sometimes continue to produce cooperatively, in other cases they may become small capitalist enterprises These features are reflected in both Montagu Carpentry Cooperative and Fencing Services Cooperative Society

10.3.4 The Completely Viable Stage

Completely viable cooperatives are economically competitive enterprises They are equipped with the required level of managerial skill of which forward planning is an integral part Such enterprises have established and well coordinated organisational and production structures which contribute to economically viable and efficient productive activity Viable co ops have secured a niche in the market and are able to sell their produce at competitive prices They have passed the initial stages of enterprise growth and are financially secure in terms of both liquid and fixed capital resources

As noted by Brecker (1988 9), cooperatives at this stage of development are capable of obtaining financial assistance on the open money market in the form of credit, loans, and/or bank overdrafts Furthermore, such enterprises have continuous access to the required technical assistance and are able to budget for the cost of such assistance Such assistance may be available in various forms, for example, by the presence of co-op members with specialised skills, and/or by access to a secondary cooperative specialised in rendering such services to co-ops

Viable co-ops are thus organisationally well developed enterprises with an established support network With regard to cooperative consciousness, members of viable cooperatives have a clear understanding of both the primary economic goals and functions of their enterprise, and of the goal of democratisation Furthermore, members proceed to engage in constant evaluation of the fulfillment of these goals in relation to the continued growth of the enterprise and the changing needs of its membership

In reality, however, co-ops do not fit perfectly into any one of the above stages of development This requires a distinction between the abstract characterisation of stages of development as presented above, and the 'real' process of cooperative development as experienced by existing enterprises

10.4 Abstract Stages *versus* 'Real' Process

It is important to note that the stages of cooperative development as described above represent only theoretical constructs for the purposes of enhancing our understanding of cooperative development as a process In reality this process is not as smooth as these stages appear to suggest This means that no one cooperative will exhibit all the features of a particular stage of development (as described above) at one time Some co-ops may have the organisational and economic characteristics of the later stage(s) but political or ideological characteristics of the earlier stage(s) of development This 'uneven development results from the fact that cooperators learn through experience and their conscious reflection and action on the basis of this experience It is through this process that a cooperative form of organisation, consciousness and ideology develops

over time Such forms of organisation, consciousness, and ideology grow or develop with differential experiences of success in cooperative production and organisation

Uneven development also results from the various factors at play during the initial formation of the enterprise For example, a co-op such as Fencing Services formed through taking over a capitalist firm is more likely to have immediate access to forms of organisational and productive structures than a co-op formed by a group of people who have been retrenched and thus have to build an enterprise 'from scratch As illustrated by the technocratic managerial practices in this enterprise, however, access to more complex organisational and production structures does not necessarily imply greater degrees of democracy and/or accountability

Despite the phenomenon of uneven development, there are *real* categories of co-ops and transitional phases in co-op development (Brecker, August, 1988 9) This is manifested in the existence of cooperatives with different needs and requirements for continued survival and/or growth as spelt out by Brecker (1988) and presented in Chapter 2

10.5 Implications for Practice

The conceptualisation of cooperative development as a process has important implications for the practices of both service organisations and co ops themselves

10.5.1 Service Organisations

Brecker (August, 1988 7) writes that

> *no two co-ops are the same they grow at different paces, require different levels of inputs, and reach "take-off" at different times"*

This implies, firstly, that service organisations need to recognise that different co-ops have different requirements by virtue of their stages of development Secondly, it implies that cooperatives require assistance throughout their development and not just in the initial stages of formation For service organisations this implies a long-term commitment to provide the services required by co-ops during their development and to respond timely and effectively to changes in these requirements

Such a commitment is necessary to the process of building successful cooperative enterprises capable of contributing to a strong cooperative movement This does not, however, imply the continual dependence of co-ops on such services and/or organisations The method of providing services is of importance in this regard - either this method creates dependency or it facilitates self-reliance

Brecker (August, 1988) in his writings on the Zimbabwean experience points to some practical implications for service organisations with specific reference to the stages of cooperative development as described above

In sum, the practical implications for service organisations are that co-ops at different stages of development require services and assistance suited to these stages This implies that either all types of organisations in this capacity must provide all the different services required by various co-ops, or that such organisations themselves engage in cooperative activity aimed at spreading the varied service tasks In the case of service organisations which initiate(d) co-ops the implication is a continued responsibility to support the enterprises throughout their development with a continuous sensitivity to their changing requirements due to this development

10.5.2 Cooperatives

The practical implications for co-ops relate to the ways in which co-ops at different stages of development can learn from each other It is important for cooperatives to recognise that they cannot simply take practices utilised in one co-op, implement these in their own enterprise, and expect the same results Instead, for pre-cooperatives to learn most effectively from potentially viable co-ops, for example, it would be important to trace the path of development required by a specific pre-cooperative in relation to the specific development of a co-op at a later stage of development

Essentially, co-ops in formation need to set aims and objectives in planning their development Learning from more experienced co-ops can be useful in setting these aims and objectives In addition, learning from more experienced co-ops in itself contributes towards building cooperative organisation and consciousness Thus, the practical process of cooperative development when accompanied by the conscious reflection and action of cooperators themselves represents a praxis People learn the tools and skills needed to form a successful co-op at the same time as they work towards building a successful co-op Experience, both past and present, and conscious reflection and action on the basis of this experience are important components of the learning process involved in building a successful co-op

10.6 Findings and Related Conclusions

The case studies and comparative analysis presented in this dissertation have attempted to address the objectives set and the questions developed for examination as presented in the introduction

6 1 I conclude that cooperative development is a process involving stages characterised by various degrees of participatory democracy and

organisational development In addition, different stages of co-op development are characterised by different levels and types of cooperative consciousness Brecker's (1988) identification of these stages as (a) pre-cooperative, (b) non-viable, (c) potentially viable and (d) completely viable is useful when conceptualising cooperative development

6 2 Although the political motivations of the cooperatives studied cannot be denied, the case studies show that material factors are primary in their formation and cohesion This challenges Rothschild and Whitt (1986) who maintain that material incentives are secondary while ideological factors are primary in the formation of co ops My conclusion in this regard is that co-ops, in the context of developing economies, characterised by low levels of education and skill, poverty and unemployment are formed primarily for material (rather than ideological) reasons in people's attempts to survive This has important implications for the types of constraints faced by co-ops

6 3 The most common internal constraints to cooperative development in the enterprises studied are similar to those identified in Chapters 3 and 4 and include
(a) a lack of managerial and technical skills,
(b) a severe lack of financial resources and
(c) the absence of democratic norms and procedures
The following more specific constraints are especially significant findings
(d) a severe lack of basic education among general members,
(e) relationships of dependency between co-ops and service organisations and
(f) a 'survival consciousness' among most co-op members

6 4 With regard to (d) above, I conclude that the lack of basic education is a key constraint to effective participatory democracy in the co-ops studied Considering that cooperators' level of education has direct implications for (a) their effective control over delegated management, (b) their effective participation in decision-making and (c) the maintenance of such control and participation, this constraint can have severely debilitating effects on the development of cooperative organisations The specific experiences of the Langa Spinning Project, Launisma Brickmaking Cooperative and Fencing Services Cooperative Society provide evidence of such effects

Thus, Szell's assertion is confirmed by my findings that the right consciousness is not sufficient for participation, workers' control, and self-management, instead, *a general level of competence among participants* in combination with the right consciousness is necessary for effective cooperation (1989 12)

6 5 The relationship between co-ops and supporting service organisations has important implications for the development of self-reliant enterprises with the potential for democracy This relationship, the experience of

service organisations in co-op development and their practices have a significant influence on the future development of the enterprises

For example, the relationships between Montagu Carpentry Co-op and the Montagu and Ashton Community Services (MAG) organisation, and Fencing Services Cooperative Society and the Collective Self-Finance Scheme facilitated self reliance in these enterprises This was manifested in their administration of loan finance rather than grants On the contrary, the relationships between the Langa Spinning Project and the Catholic Welfare Bureau, and between Launisma Brickmaking and the Unemployed Workers Movement resulted in dependency because financial aid was provided in the form of grants by these organisations which were inexperienced in the dynamics of cooperative development

The latter case studies have shown that this scenario is disempowering for producers A prerequisite for the development of sustainable participatory democratic enterprises is that producers are sufficiently powerful to influence decision-making and that they have some frame of reference to cooperation Self-reliant cooperatives who form part of a cooperative network and who are simultaneously engaged in the development of other cooperative enterprises, such as in the case of Fencing Services Co op and its fellow members in the Collective Self-Finance Scheme, are more likely to develop into sustainable democratic enterprises than isolated cooperatives, such as the Langa Spinning Project and Launisma Brickmaking Co-op, locked into dependency relationships with donor agencies

6 6 When co-ops are formed as strategies of survival, the long-term success and development of the enterprise *as a cooperative* is not a key goal for producers This is a major obstacle to cooperative development and suggests that the cooperative form of organisation may not be suitable in a context of material desperation and low skill and education levels Once again, the experiences of the Langa Spinning Project and Launisma Brickmaking Cooperative are indicative These enterprises were formed for reasons of material survival and were characterised by little potential for development into sustainable participatory democratic enterprises

6 7 There is a relationship between mechanisms of democracy and organisational efficiency of cooperatives as economic units This relationship gives rise to a tension between democratic organisation and efficiency For example, on the one hand, democratic participation by consensus is not necessarily efficient On the other hand, technocratic management in Fencing Services Cooperative and the accompanied little regard for general members' grievances are indicative of a tension between efficiency and democracy in this enterprise In this regard I suggest that there is a threshold of participation at which efficiency and democracy in co-op development can be balanced The system of delegated authority and of clearly practicable accountability mechanisms practiced in Montagu Carpentry Co-op provides an example of such a balance

6 8 This leads me to conclude that (a) efficient democracy (a factor which is likely to have a positive influence economic success) requires some hierarchy and (b) efficient cooperative management relies on delegated authority which is regularly checked through practicable accountability mechanisms Here Abell's (1981) conceptualisation of organisational democracy is useful and relevant He notes that "there is no reason to suppose a democratic organisation will operate with a consensus" (1981 263) and that one should not equate democratic organisation with the demise of hierarchy (1981 264)

6 9 Finally, members in different positions in the cooperatives studied had different conceptions of cooperation For example, member-managers in Montagu Carpentry Co-op and Fencing Services Co-op tended to emphasise the economic function of these enterprises Producers in these co-ops were concerned with economic issues to the extent that it affected their financial remuneration They were also, however, concerned with the power relationships in their enterprises This was manifested in the negotiation around managerial authority in Montagu Carpentry and grievances voiced about the unequal distribution of resources and benefits in Fencing Services Co-op This suggests that the democratic aspect of cooperative organisation tends to be of more immediate concern to producers This leads me to conclude that cooperative consciousness is not a homogeneous objective entity Instead, it is essentially subjective and influenced by cooperators' positions both within the enterprise and in broader society Furthermore, members' consciousness is but one among many factors influencing cooperative practice

APPENDIX

OPERATIONAL STRUCTURES OF THE COLLECTIVE SELF-FINANCE SCHEME

1. Cooperative Development Policy

The following is a summary of some of the key principles of the Collective Self Finance Scheme (CSFS)

- Real development requires the conscious involvement of the people concerned
- The CSFS determines the content and form of its own programme This cannot be influenced or interfered with by donors in exchange for their support
- Co-ops are enterprises whose primary task is to generate surplus to raise the living standards of members and provide investment funds for development
- The CSFS is open in principle and national in scope Prospective members must meet CSFS membership criteria and show that they have reached the necessary level of development
- Members must pay an equity contribution, agree to a six month waiting period before presenting projects for loan finance and retain their membership at the scheme for at least two years
- The CSFS cannot admit pre-co-ops (which it sees as the responsibility of the Ministry of Cooperative Development) nor 'start-up' co-ops which it defines as having a subsistence level of operation and income These are catered for by Zimbabwe Project (ZIMPRO)
- Member co-ops must be able to put forward planned projects which have taken into account labour allocation and reward and the cost of management as well as costing inputs, forecasting returns, and the careful use of credit to generate a surplus
- The Technical Support Team (TST) offers the skills to help co-ops formulate such plans and monitor the use of credit but under no circumstances should it replace the CSFS decision-making processes
- All projects put forward for loan finance must meet the stringent project formulation requirements of CSFS before they are passed on to the bank
- These projects must be part of an overall development plan of each co-op with more than one source of income, each with a different risk element The development plan focuses on the total viability of the cooperative
- Co-ops should be able to repay credit from future production surplus The financial security of the co-op lies principally in strong projects presented as part of an overall development plan This is what makes a co-op credit worthy Credit must generate a surplus otherwise the co-op falls into a debt trap and is left worse off than it was before Default on the part of a member co-op cuts off all access to credit and leaves the

co-op dependent on welfarist assistance (Analysing the CSFS and the CFS, points from Brecker, August, 1988)

2. Operational Structures and Functions

2.1 The Council and the Board

The highest decision-making body, the Council, comprises one nominated representative from each member co-op The term of office for Councillors is one year The Council meets three times a year with a fourth meeting being a delegates Conference This Conference makes policy decisions and elects, on an annual basis, a minimum of seven co-op members from its midst to the Board Further responsibilities of the Council include making amendments to CSFS rules, determining annual programmes, confirming new member co ops, and accepting resignations, suspensions and expulsions All matters decided upon by the Council require a simple majority vote

The Board elects from its members a chairperson, treasurer, and secretary The chairperson of the CSFS at the time of research was Mr Andrew Nyathi The Board is accountable to the Council, it meets monthly and is responsible for overseeing all activities between Council meetings and for directing the affairs of the CSFS More specifically, the Board authorises and supervises the use of CSFS funds, and awards, monitors, and administers, loans to member co-ops in consultation with Zimbank Further duties of the Board include maintaining all records and reports necessary to effective management and administration of the CSFS, presenting such information to the Council, and determining the grade of a member co-op using the grading system devised by the CSFS All decisions taken by the Board require a simple majority vote Board members who fail to attend three consecutive Board meetings without explanation lose their office Furthermore, members receive no payment for their responsibility as Board members

At least one third of the Board is subject to re-election each year while both Councillors and Board members are subject to recall by cooperators at all times (Brecker, June, 1988 5, Brecker, October, 1989 1, CSFS Project Proposal - Funding for Administrative Costs and Training, 1989, CSFS Rules 5)

2.2 The Loans Sub-Committee

From among its members the Board appoints a Loans Sub-Committee (LSC) of three people to receive and consider loan applications from member-cooperatives The LSC is responsible to the Board and is required to provide a detailed report containing recommendations from the sub committee On the basis of the Board's consideration of these

recommendations it finally decides whether to approve the application for submission to the bank or not (Brecker, June, 1988 15a)

The rate of interest to be charged on loans is fixed by the Board This interest rate, however, does not exceed the minimum overdraft rate in Zimbabwe at the time the loan is granted (13% p a in January, 1990) Furthermore, the Board decides whether interest charged on loans can and should be subsidised from CSFS funds A grading system is used to regulate the size of loans and subsidies on interest for which member co-ops are eligible This grading system is based on strict criteria relating to the quality of financial management in a co-op, its level of organisational development, effectiveness of its production planning and the level of production performance, and the degree of democratic participation of its members in decision-making processes (Brecker, June, 1988 5, CSFS Document on Grading Criteria, CSFS Rules 8)

All loans are secured by the promissory note of the borrower In the event of money being used for purposes other than those for which it was borrowed, repayment of the loan becomes immediately due In the event of the borrowing member not paying a loan or a loan instalment on the due date, and without an extension for this debt, the Board and the bank are empowered to terminate the debtor's membership and recover the debt (CSFS Rules 8)

2.3 The Tribunal

The Tribunal is the legal arm of the CSFS responsible for dealing with all legal issues affecting the CSFS Such issues include judging any disputes which might arise among member-cooperatives, between the structures of the CSFS itself, and between CSFS and outside agencies, for example, the bank, and dealing with co-ops who default on loan repayments The Tribunal has assisted the CSFS with its registration and with the staff contracts of the Technical Support Team

The Tribunal consists of private individuals who are appointed by the Board These include volunteer academics, lawyers, and a representative from the Ministry of Co-operative Development (CSFS Newsletter, No 4, July, 1989)

2.4 The Coordinator and Technical Support Team

The Board appoints the Co ordinator of the CSFS who is immediately responsible to the Board and who supervises CSFS staff comprising the Technical Support Team (TST) Carl Brecker was the Coordinator at the time of research The TST consists of primarily office-based staff an Office Manager, Receptionist, Administrator, and an Accountant, and primarily field-based staff a Training Officer, Management Assistant, Agricultural Assistant, and a Social Organiser The TST staff is employed

by the CSFS and, under the Co ordinator's supervision, it carries out decisions of the Council, Conference, and Board to whom it is accountable

The TST's central task is to assist cooperatives in formulating three year Development Programmes, Annual Plans, and Projects

A ***Development Programme*** broadly outlines the path to be taken by the cooperative over a period of three years to achieve growth and development in all aspects of its organisation When developing this Programme, the TST considers the existing state of the co-op and its aims and objectives as stipulated in its constitution The Programme outlines major steps to be taken by the co-op to achieve growth and serves as a guide for preparing detailed annual plans An ***Annual Plan*** is a detailed description of all work to be done, all resources (material, financial, human) needed to execute work, and all measures required to facilitate smooth production during the year

A ***Project*** is a detailed description of a particular part of the Annual Plan indicating resources required to execute the project and its place in relation to the overall plan It must indicate resources already available as well as those sought (finance, credit, training, or other) for the project The Project must also indicate how, in the event of receiving assistance, it will be utilised to generate sufficiently increased production for both repaying the credit and contributing to the overall Development Programme (CSFS Document - Programmes, Plans, and Projects)

In the process of providing assistance to co-ops with the formulation of Programmes, Plans, and Projects, important tasks of the TST are to evaluate the productive capacity of a co-op, to advise it on how to improve performance, to ensure that it meets basic requirements for eligibility for loans and interest subsidies and to transfer skills to it through formal training and extension services Furthermore, the tasks of the TST field-staff include visiting co-ops, identifying their problems and needs, including training needs, offering advice, and seeking possible solutions to any problems

In addition, these staff ensure that CSFS cooperatives receive maximum services from all available institutions offering services to co-ops, including government services In this way the TST serves as a link between the range of services available to co-ops in Zimbabwe and CSFS co-ops Moreover, the TST is required to identify additional services required by co-ops and to organise that such services are delivered to the enterprises These TST services are designed to empower cooperators to effectively control production of a surplus

The TST also services the Board by making available to it any information relating to cooperative development and by assessing possible implications of any such information (Brecker, June, 1988 11, 12, Brecker, October, 1989, CSFS Project Proposal - Funding for Administrative Costs and Training, 1989)

3. Financing

The Scheme obtains its funds from four sources Firstly, the member co-ops pay annual subscriptions to and buy shares in the CSFS The annual subscription for each member is Z$ 100 while shares are Z$ 200 each Subscription shares are limited to Z$ 1 500 while share capital is limited to Z$ 4 000 per co-op (CSFS Newsletter, No 1, October, 1988, CSFS Project Request, April, 1989 2, TST Report, September, 1989 3, Brecker, June, 1988 7) This money serves, in part, as security for loans from the bank

Secondly, a consortium of foreign donor agencies have agreed to make deposits of sizeable amounts of money to the CSFS bank account and to sign Letters of Guarantee for the CSFS which serve as further security for loans from the bank The latter arrangement provides financial resources without donors paying money directly to co-ops or the Scheme The third source of finance comes from the Bank of Zimbabwe (Zimbank), and the fourth is in the form of a development grant from donors for financing CSFS overhead expenses and its Technical Support Team (CSFS Newsletter, No 1, October, 1988, Brecker, June, 1988 7, 8)

Donor funding in the form of deposits with the bank serve two major purposes One of these is to serve as collateral enabling the bank to advance loans to CSFS co ops, and the other is to generate a necessary source of income for the CSFS This income derives from interest earned on donor deposits and enables the CSFS to subsidise co-ops who cannot afford the commercial interest rate, to generate its own capital base, to cover costs arising from its growth, and to serve as buffer funds against the depletion of donor deposits in the event of covering bad debts

Donor funding in the form of Letters of Guarantee serve as collateral in the event of bad debt risks This form of funding, however, does not generate interest (CSFS Project Request, April, 1989 7) It is a long-term aim of the CSFS to diminish its reliance on development grants once it has begun to establish an increasing capital-base of its own thus enabling it to earn its own income and become completely self-financing (Brecker, August, 1988 4)

4. Conception of Self-Financing

According to Brecker (June, 1988 7, 8), the self-financing aspect of the CSFS refers mainly to two outcomes of equity capital holdings by member-cooperatives in the scheme

The first of these is that loan capital is seen as an advance on productive surplus to be generated by the project needing finance Such capital is advanced only once it is ascertained that the project to be funded is either able to generate sufficient funds to repay its own loan, or that it enables the cooperative as an entire unit to improve its economic performance to such an extent that it is able to repay the loan requested

This means that all projects must fit into the cooperative's general development plan

The second is that the project loans system is based on a finance matching scheme related to the size of CSFS funds Each member co op must contribute some equity capital (subscriptions and shares) towards building the mutual funds of the CSFS It is against these funds that the bank advances loans to member co-ops These mutual funds may consist of subscriptions, shares, earned interest, grants and donations to the Scheme (not to the co-ops), and other sundry income This means that member cooperatives have a sound interest in generating funds for the CSFS and in ensuring that no member defaults as this will restrict loan funds through the depletion of mutual collateral

A further self financing feature of the CSFS is that it does not provide free grants nor interest-free loans The only free service offered by the CSFS to its members is the technical assistance financed by its development grant In addition, self-financing in the case of the CSFS implies that member cooperatives recognise that it is only through their own performance and development as economic units that they will progress towards becoming viable cooperatives able to obtain funds on the commercial financial market

Thus, in the case of the CSFS, self-financing does not mean that the Scheme relies solely on funds from its member cooperatives Nor does it mean that financial assistance from non-cooperative sources such as the state and foreign donor agencies will not be employed Instead, the view is that the development of cooperatives into viable enterprises is a process, and a lengthy one, too, to which donor agencies and the state can best contribute by offering surety for loans rather than handing out free emergency grants which tend to perpetuate dependency relationships (Brecker, June, 1988 7, 8)

5. Conception of Credit

For the CSFS "[g]iving credit to a cooperative means to give to them, in advance, a portion of their future incomes" (Brecker, August, 1988 10) This requires member co-ops to plan on repaying credit out of the surplus to be produced on a daily basis For this reason the CSFS provides credit to co-ops for specific projects within an overall development programme CSFS credit facilities come with technical assistance aimed at transferring needed skills thereby facilitating the ability of its member-cooperatives to realise their respective development plans In this way the CSFS provides credit for development and for the purposes of empowering cooperators to take full control of their enterprises

One of the ways in which the CSFS has succeeded in empowering members of its cooperatives is through the provision of specially designed training for co-op member-managers A further significant feature of the CSFS credit system is that all its credit operations are based entirely on bank finance (Brecker, August 1988 10, 11, 16) No free grants or

donations in the form of either money or machinery and equipment are administered to member-cooperatives of the CSFS

6. Relationships with other Organisations

6.1 Donor Agencies

The CSFS has entered into a legal agreement with foreign donor agencies which help fund it Among the key donors at the time of research was HIVOS This agreement states that funding by all agencies shall be in the form of a block grant stipulating the amounts allocated for collateral investments, capital expenditure, and recurrent costs Such grants can cover any part of the CSFS total budget for the first four years of its development Any funds received by the CSFS from other agencies, however, shall be for purposes other than those stipulated in the CSFS-donor agreement Furthermore, Letters of Guarantee and of Contract from each agency must stipulate its involvement over the whole four year period of the CSFS Project

The CSFS is required to submit annual progress reports to donors following the annual audit of the organisation A final report at the end of the four year period is also required by each donor In addition, the CSFS is required to keep accurate financial records, to submit audited annual accounts illustrating how contributions to the Scheme have been spent, and at the end of the four years it must submit a full audited review of the financial affairs of the CSFS

Donor agencies reserve the right to suspend payments under certain conditions These are, firstly, if their financial contribution is not being used in accordance with the description of the CSFS Project and, secondly, if the annual progress and financial reports have not been submitted by the CSFS within three months after the end of its financial year (Terms of Agreement between CSFS and Funding Agencies, January, 1989)

Furthermore, part of the CSFS agreement with donors is that the CSFS is to have a separate formal agreement with the Zimbabwe Banking Corporation Limited (Zimbank) This agreement between the CSFS and Zimbank concerns the investment or holding of deposits made available by donors as collateral for bank loans advanced to CSFS member cooperatives The terms of agreement are as follows

> *a) that deposits invested shall not be available to the CSFS for use other than as collateral for a period of four years*
> *b) that the interest earned on such deposits shall be available to the CSFS but only for those purposes as stipulated in the CSFS Project Document*
> *c) that the deposits are a capital grant from the funding agencies to the CSFS and are not repatriable*
> *d) that after the initial four years have expired the CSFS is free to utilise the collateral deposits in any other ways it sees*

fit but which are beneficial to the member-cooperatives as whole (Terms of Agreement between CSFS and Funding Agencies, January, 1989)

6.2 Zimbabwe Bank

The CSFS has chosen to work with Zimbabwe Bank (Zimbank) for various reasons These include that there is no cooperative development bank in Zimbabwe and that Zimbank is a local bank and the only one prepared to offer both support and financial services to cooperatives Moreover, the Zimbabwean government holds the controlling shares in this bank it has direct investments in Zimbank of about 60% (Stoneman and Cliffe, 1989 151) Hence, according to the CSFS (Project Request, April, 1989 8) this bank is most likely to be sympathetic to the aims of government policy on co-ops, and/or at least more open to persuasion in this regard than most other banks in the country Furthermore, this bank offers facilities required by the CSFS such as, a banking facility, an Agribank facility for its agricultural co-ops, and a hire purchase facility (CSFS Document - Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

Zimbank offers a range of services to CSFS co-ops These include the provision of overdraft facilities and loans, monitoring co-op projects together with the CSFS, paying regular visits to the cooperatives to ensure that they are successfully managing their finances, and training cooperative financial managers in banking procedures, among others (CSFS Document - Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

The procedure for co ops to receive loans from the bank is as follows Once the co-op, with the TST's assistance, has worked through its Programme, Plan, and Projects and has detailed the project for which it requires financial assistance, a loan application is submitted by the co op to the Loans Sub Committee which submits it to the Board of the CSFS for approval Once approved, the Board submits the application to the bank which considers it on its own merit applying the usual banking procedures (CSFS Document - Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

The application of usual banking procedures implies that as a commercial bank, Zimbank advances its own funds for loans to CSFS co-ops CSFS funds in the form of donor deposits thus serve as collateral *only* This gives the CSFS the opportunity to invest its donor funds with other banks as well, as long as such funds can serve as collateral for loans from Zimbank for CSFS co-ops In the process of advancing loans to CSFS co-ops, the amount of bank funds to be used depends on the requirements of the project, the amount of CSFS mutual funds available as security, and the amount of guarantee funds available as surety from donors

Furthermore, Zimbank is required to charge a commercial rate of interest for CSFS use of its funds in order to provide the bank with income

to cover the costs of administration among other costs The bank supervises its own loans including those to CSFS co-ops The bank thus does not treat cooperatives any differently from other types of enterprises when assessing loan applications (CSFS Document - Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

There are, however, some advantages to working with Zimbank Firstly, this bank offers the CSFS interest rates of 14% while it charges conventional enterprises 16% This significant concessionary interest rate for CSFS co-ops has been granted by the Reserve Bank of Zimbabwe CSFS won this concession through negotiations with the Ministry of Cooperatives which in turn approached the Reserve Bank Furthermore, Zimbank has several branches all over Zimbabwe especially in growth point areas This facilitates the opening of accounts by each of the CSFS co-ops (CSFS Document - Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

Zimbank requires that co-ops open accounts with it and that the enterprises cooperate with the bank in centralising all CSFS co-ops accounts by using certain branches of the bank This facilitates the bank's ability to manage and monitor the loans of these co ops The cooperative members, on the other hand, require quick and efficient service from the bank when processing loans In addition, the cooperatives expect to be treated like viable businesses and require the bank's financial advice on the efficient management of their transactions (CSFS Document Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

In the process of approving loans for CSFS co-ops, the bank s decision is final Furthermore, the bank considers only those loan and project applications submitted to it by the CSFS Board In the event of the bank's rejection of any such application, its reasons for rejection are discussed with the CSFS Board and the cooperative concerned (CSFS Document Relationship between Zimbank and CSFS, CSFS Project Request, April, 1989 8, 9, Brecker, June, 1988 9, 10)

6.3 Organisation for Collective Cooperatives in Zimbabwe

The CSFS as an autonomous organisation has a relationship of cooperation and support with the Organisation of Collective Cooperatives in Zimbabwe (OCCZIM) This relationship is manifested in CSFS's willingness to service co-ops referred to it by OCCZIM, provided these enterprises meet CSFS membership requirements as stated in its rules OCCZIM is a much broader organisation and its member-cooperatives include enterprises at all levels of development CSFS, on the contrary, restricts its membership to potentially viable enterprises and is thus a more specialised type of co-op organisation

The CSFS does not perceive itself to be in competition with OCCZIM nor does it espouse to substitute the representative role

performed by OCCZIM for the entire co-op movement in Zimbabwe Nevertheless, the CSFS sees its specialised services to potentially viable co-ops as benefiting the co-op movement as a whole by providing practical examples of successful cooperative enterprises (CSFS Project Request, April, 1989 25)

6.4 The State

In this section I deal with CSFS relationship with the state in the form of the Ministry of Cooperatives The Ministry provides to CSFS co-ops all its legally enacted services such as the registration of co ops, supervision, training, and auditing services, among others In addition, the CSFS has established close relationships with senior officials in this Ministry who show an interest in the CSFS as one component in the establishment of a cooperative development bank in Zimbabwe (CSFS Project Request, April, 1989 10)

Furthermore, the Ministry extends special training facilities, as defined by the CSFS, to this organisation In the light of CSFS's needs for special courses for its TST, Board and Council members, and co op members such training facilities beyond the standard training offered by the Ministry is important for the development of the CSFS In addition, this state department provides for special training equipment which the CSFS cannot afford The Ministry has also indicated a willingness to organise and finance educational visits to Cooperative Banks in other countries such as Spain, Botswana, Kenya, and Mauritius Such visits will provide the CSFS with valuable insights and will assist in familiarising the Zimbabwe Bank with the special requirements of cooperative enterprises (CSFS Project Request, April, 1989 10)

Moreover, the CSFS requires the support of the Ministry of Cooperatives in negotiating concessions for cooperatives on bank interest rates Such support is also needed in the form of permission from the Ministry for importing CSFS capital equipment on a duty free basis Furthermore, in the event of CSFS participation in international conferences dealing with cooperative credit provision the support of the Ministry is required (CSFS Project Request, April, 1989 10)

In sum, the CSFS relationship with the Ministry of Cooperatives is related to the provision of training and services and facilitating the CSFS relationship with the state as a broader entity Significantly, the Ministry also negotiates for economic concessions to CSFS and its co-ops

6.5 Local Non-governmental Organisations

Much the same as its relationship with OCCZIM, the CSFS has a reciprocal relationship with some non-governmental organisations (NGOs), for example, Zimbabwe Project (ZIMPRO), while its relationship with NGOs in general is mainly mutually supportive For example, CSFS and

ZIMPRO introduce each other as organisations to cooperatives requiring their respective specialised services ZIMPRO deals mainly with 'start-up' co-ops while CSFS deals with potentially viable co-ops Such mutually supportive relationships among all NGOs are meant to maximize and refine the services and support provided to cooperatives in the movement as a whole

Furthermore, its emphasis on mutually supportive relationships with other local NGOs enables the CSFS to gain access to various kinds of facilities provided by other organisations, for example, training equipment and training centres (CSFS Project Request, April, 1989 25) Zimbabwe Project (ZIMPRO), Glen Forest, Mostrud, Zimbabwe Foundation for Education with Production (ZIMFEP), Co-operation for Research, Development and Education (CORDE) in Botswana, and The Institute for Technology and Development (Tecnica), are among the local NGOs with which the CSFS has developed mutually supportive relationships

The CSFS relationship with Tecnica has been especially significant Tecnica is an organised network of skilled volunteers "committed to social justice" (CSFS Newsletter, No 4, July, 1989 4) This NGO is based in Zimbabwe and shares premises with the CSFS Tecnica finds and places skilled volunteers in organisations requiring specific services Such volunteers are placed for short periods ranging from one to three months, depending on the availability of the volunteer and the needs of the organisation requiring the skills Placements are for short periods firstly, because volunteers do intensive training for the purposes of transferring skills and then leave, and secondly, because these people finance their own placements The short periods prevent the host organisation from becoming dependent on skills provided by volunteers (CSFS Newsletter, No 4, July, 1989 4)

By July, 1989, Tecnica had placed with the CSFS three computer specialists to train its staff and assist in establishing a database, a retired investment banker to advise the organisation on the best ways to invest their collateral and guarantee donor funds, and a manager to transfer managerial skills to member-managers at Fencing Services Co-op (CSFS Newsletter, No 4, July, 1989 4)

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Interview 1 2	Ms Matee, Brickmaker
Interview 1 3	Ms Qhumba, Brickmaker
Interview 1 4	Mr Chilibe, Foreman, Launisma Brickmaking
Interview 1 5	Mr Elijah, Launisma, Motor Repairs
Interview 1 6	Mr van der Westhuizen, Co-op Advisor, UWM
Interview 1 7	Mr Mohammed, Secretary of WECUWU

Langa Spinning Project and the Catholic Welfare Bureau

Interview 2 1	Ms Walker, Project Organiser
Interview 2 2	Sister Alfreda, Supervisor
Interview 2 3	Mr Templeton, Head of CWB
Interview 2 4	Spinner
Interview 2 5	Spinner
Interview 2 6	Spinner

Montagu Carpentry Cooperative and Montagu and Ashton Community Services

Interview 3 1	Mr Taylor, Co-op Coordinator, Director, MAG
Interview 3 2	Mr Grutter, Manager, MCC
Interview 3 3	Ms Scheepers, Manager's Assistant
Interview 3 4	Mr De Koker, Coordinator, Light Machinery
Interview 3 5a	Mr Conradie, Coordinator, Spraypainting
Interview 3 5b	Mr Deelman, Assistant, Spray-Painting
Interview 3 6	Mr Selani, Coordinator, Assembly Dept
Interivew 3 7a	Ms Touw, Coordinator, Sanding Dept
Interview 3 7b	Ms De Bruin, Sanding Dept
Interview 3 8	Mr Swarts, Production Coordinator
Interview 3 9	Mr Du Toit, Light Machinery Dept

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Interview 4 1	Ms Maramba, Management Asst , CSFS
Interview 4 2	Mr Masunda, Treasurer, FSC
Interview 4 3	Mr Kapishe, Factory Manager, FSC
Interview 4 4	Mr Chirochierwa, Sales Manager, FSC
Interview 4 5	Mr Makoni, General Manager, FSC
Interview 4 6	Mr Samson, Worker-Member
Interview 4 7	Mr Nicholas, Worker-Member
Interview 4 8	Ms Loile, Worker-Member
Interview 4 9	Mr Morris, Worker-Member

Interview 4 10	Mr Brecker, Coordinator, CSFS
Interview 4 11	Mr Mawere, Agricultural Asst , CSFS
Interview 4 12	Mr Timba, Trainer, CSFS
Interview 4 13	Ms Cecilia, Social Organiser, CSFS
Interview 4 14	Ms Nyathi, Field Coordinator, CSFS
Interview 4 15	Mr Nyathi, Chairperson, CSFS
Interview 4 16	Mr Manyanya, Ministry of Co-ops, Zimbabwe

DUTCH SUMMARY

Coöperatieve Ontwikkeling als Proces: Vier Case Studies van Produktieve Coöperaties in Zuidelijk Afrika

Cooperaties worden meestal gevormd in tijden van sociale, politieke en/of economische crises Zij komen vaak op als voorbeeldorganisaties tijdens sociale veranderingen Dit is een micro-studie van vier cooperaties in Zuid-Afrika en Zimbabwe in de jaren tachtig De vorming van cooperaties in Zuid-Afrika vertoont opwaartse en neerwaartse tendensen die min of meer parallel lopen met opkomst en neergang in het politieke verzet tegen de repressieve staat In Zimbabwe kwamen cooperatieve activiteiten van gemarginaliseerde groepen in de samenleving sterker op na de strijd voor de onafhankelijkheid

De bijdrage in sociale verandering die meestal van cooperaties wordt verwacht, stellen zware eisen aan hen als vormen van alternatieve sociale organisaties Ze moeten economisch, financieel en sociaal levensvatbaar zijn en tegelijkertijd overleven als organisaties met een hoge democratische participatie In deze studie worden de democratiseringsprocessen, vooruitgang en terugval daarin, van vier cooperaties onderzocht. De case studies leveren een illustratie voor dit ontwikkelingsproces waarin verschillende stadia kunnen worden onderscheiden, ieder gekarakteriseerd door een verschillende graad van democratisering Zo worden de voorwaarden en beperkingen van de ontwikkeling naar duurzame, democratische organisaties met een hoge participatiegraad onderzocht Een doel van deze studie is de praktische ervaringen van cooperaties van werkelozen en sociaal gemarginaliseerde mensen in Zuidelijk-Afrika te delen met andere voorstanders van cooperatieve ontwikkeling

De doelstellingen van deze dissertatie zijn drievoudig Allereerst is het de bedoeling om de graad van democratische participatie in elk van de bestudeerde ondernemingen vast te stellen Op de tweede plaats wil zij proberen te verkennen of cooperatieve ontwikkeling een proces is waarin verschillende stadia van democratische ontwikkeling met een verschillende graad van democratisering te onderscheiden zijn Tenslotte is het derde doel om de cooperaties met elkaar te vergelijken en, in het bijzonder, om de Zuidafrikaanse context en ervaringen te vergelijken met die in Zimbabwe Deze vergelijking is belangrijk om de verschillende stadia in ontwikkeling te illustreren en lessen te trekken uit de ontwikkelingen in Zimbabwe

In een poging om de eerste twee doelen te bereiken wordt allereerst een schets gegeven van theorieen over de vorming van democratische organisaties De verschillende stadia in het proces van cooperatieve ontwikkeling worden van elkaar onderscheiden pre-cooperatief, niet-levensvatbaar, potentieel levensvatbaar, en verschillende stadia van geheel ontwikkelde organisaties Deze theoretische schets maakt het mogelijk om concepten te ontwikkelen waarmee het empirisch materiaal kan worden begrepen en geordend Het belangrijkste concept daarbij is

'Participatorische-Democratische Organisatie' (PDO) Dit is een soort van 'ideaal-type' dat wordt beschreven, waarbij de beperkingen van de bestaande theorieen worden aangegeven

De schets van de theorieen maakt het ook mogelijk om specifieke vragen te stellen aan het empirisch materiaal Twee sets van vragen, elk gerelateerd aan de doelstellingen van dit onderzoek, worden in deze dissertatie dan verder onderzocht De eerste set, met betrekking tot de eerste doelstelling, omvat de volgende vragen (a) tot welke graad zijn de bestudeerde cooperaties democratisch in hun praktijken? (b) ontwikkelen deze cooperaties zich in de richting van meer democratische organisaties? (c) hebben de organisaties de potentie om zich uiteindelijk tot een effectieve PDO te ontwikkelen? De tweede set, deze gerelateerd aan de tweede doelstelling, omvat de volgende vragen (a) is cooperatieve ontwikkeling een proces waarin verschillende stadia met een verschillende graad van democratisering zijn te onderscheiden? (b) als dat zo is, wat zijn dan de stadia waarin de bestudeerde cooperaties zich bevinden? (c) wat zijn de criteria waarmee we deze verschillende stadia kunnen onderscheiden? (d) wat zijn de implicaties van antwoorden op bovengenoemde vragen voor cooperatieve organisatie en ontwikkeling?

In hoofdstuk drie worden de specifieke praktische problemen waar cooperaties in een kapitalistische omgeving mee geconfronteerd worden, uiteengezet Om analytische redenen, maak ik een onderscheid tussen 'externe' en 'interne' problemen De eerste refereren aan de obstakels in de omgeving waarin de cooperatie functioneert, terwijl de tweede betrekking hebben op zaken die het proces van democratisering van binnenuit belemmeren De externe problemen omvatten (a) de marginale positie van cooperaties in kapitalistische economieen, (b) het ontbreken van een ideologie van democratische organisatie in dergelijke sociale formaties, (c) het gebrek aan een passende legale structuur voor zulke ondernemingen en (d) de institutionele discriminatie tegen cooperaties, vooral waar het de toegang tot financiele middelen betreft De interne problemen omvatten (a) de tijd die nodig is om democratisering in de praktijk te brengen, (b) het gebrek aan democratische structuren, normen en procedures, (c) de wijzen van aanpak van interpersoonlijke conflicten, (d) de verschillen in vaardigheden en ervaring tussen de leden van de cooperatie, (e) het gebrek aan passende vaardigheden, (f) het gebrek aan financiele middelen en (g) de interne organisatorische grenzen aan de groei

Deze problemen wijzen op de noodzaak van scholing voor democratie / samenwerking die zowel de waarden van democratie als de toepassing ervan in de praktijk, bevat Effectieve samenwerking vereist echter niet alleen geschoolde, bekwame deelnemers, maar ook deelnemers die een cooperatief bewustzijn hebben of tenminste de potentie hebben dit bewustzijn te ontwikkelen In dit hoofdstuk worden enkele aspecten die aan de basis staan van de ontwikkeling van een cooperatief bewustzijn onderzocht Het belicht, tot besluit, het belang van structuren die de cooperatieve waarden en hun toepassing in de praktijk ondersteunen, de

mogelijke functies en dilemma's van deze structuren en het plaats enkele kanttekeningen bij de steun van de staat aan cooperaties

Hoofdstuk vier begint met een algemene schets van de context waarbinnen de opkomst van cooperaties in het Zuid-Afrika van de jaren tachtig gezien moet worden Hierbij wordt ten eerste aandacht besteed aan de bredere politieke inhoud van cooperaties als onderdeel van de verzetsbeweging tegen apartheid en kapitalisme in Zuid-Afrika Dit wordt gevolgd door een overzicht van de cooperaties in Zuid-Afrika in die jaren Aangezien er geen gevestigde en georganiseerde beweging van cooperaties is in Zuid-Afrika, worden de cooperaties uit verschillende provincies kort in clusters behandeld Er wordt onderscheid gemaakt tussen de cooperaties die een band hebben met dienstverlenende organisaties en diegene die een band hebben met de vakbonden Dit hoofdstuk geeft tevens een algemene profielschets van de nieuwe cooperaties en de problemen die zij tegenkomen Het debat over de rol van cooperaties bij de opbouw van het socialisme, dat op het moment van onderzoek gaande was, wordt kort weergegeven Dit debat vond plaats voor de val van het 'bestaande' socialisme in voormalig Oost-Europa Tot slot schetst het hoofdstuk een reeks vooruitzichten waardoor de dienstverlenende organisaties, die cooperaties initieren of ondersteunen, worden beinvloed

Hoofdstuk vijf vormt het begin van het empirische gedeelte van de dissertatie In dit hoofdstuk wordt de positie van het *Langa Spinning Project* als cooperatief experiment van het *Catholic Welfare Bureau* onderzocht Zijn ontwikkeling en het begin van zijn omvorming tot een cooperatie, onder de directie van een manager van het *Catholic Welfare Bureau*, toont enkele problemen met de top-down ontwikkelingsbenadering In hoofdstuk zes verschaft de case van de *Launisma Brickmaking Co-op* een voorbeeld van hoe de armen worden gevangen in een cyclus van armoede binnen een context van concurrentie om schaarse middelen Deze studie wijst tevens op de negatieve gevolgen van hulp Dit doet vermoeden dat binnen een context van schaarse middelen en de dagelijkse strijd om te overleven, het toepassen van participatieve democratische samenwerking steeds moeilijker wordt

De cases die behandelt worden in hoofdstuk zeven en acht geven een wat hoopvoller beeld De ontwikkeling van de organisatie van de *Montagu Carpentry Co-op* laat duidelijk de toenemende democratisering van de onderneming zien Deze gaat gepaard met een toenemende *empowerment* van haar deelnemers door middel van collectieve controle over de produktie Een belangrijk kenmerk van deze onderneming is de benoeming van een blanke manager die verantwoording af moet leggen aan de producenten Deze studie laat zien hoe producenten de strijd aanbinden met racistische machtsrelaties op het werk en op die manier een cooperatief bewustzijn beginnen te ontwikkelen Dit wijst op het belang van de strijd tegen ongelijke sociale machtsverhoudingen voor ontwikkelingsstrategieen

De studie van de *Fencing Services Cooperative Society* in hoofdstuk acht, begint met een inleiding over de context van Zimbabwe en de geschiedenis van de cooperatieve beweging in dat land De rol van de staat bij de ondersteuning van cooperaties en de onevenredige verhouding tussen zijn beloften en de dagelijkse praktijk, worden kort behandeld Na deze inleiding, ga ik verder met een verslag van de ontwikkeling van de *Fencing Services Cooperative Society* Deze studie toont enkele moeilijkheden die de arbeiders tegenkomen als zij, in een poging hun werk te behouden, een kapitalistische onderneming overnemen In dit specifieke geval betekent dit de overname van een onderneming met een hoog opgelopen schuld en heel weinig liquide middelen, alsmede de erfenis van een kapitalistische management structuur en de praktische toepassingen daarvan in de vorige onderneming Een belangrijk aspect van deze studie is de vorming van een Collectief Zelf-financierings Stelsel (*Collective Self Finance Scheme*) georganiseerd en democratisch gecontroleerd door de leden van de cooperatie De operationele structuren van dit stelsel, zijn ontwikkelingspolitiek en praktijk, en zijn relaties met donor-organisaties, zijn belangrijke voorbeelden voor andere cooperaties voor mogelijke methoden om te komen tot *self-reliance* In de context van donorafhankelijkheid en een ernstig gebrek aan financiele middelen bij de leden van cooperaties, voorziet het Collectief Zelf-financierings Stelsel in een belangrijke leervaring

De Zimbabwe case vormt de afsluiting van het empirische gedeelte van de dissertatie en wordt in hoofdstuk negen gevolgd door een vergelijkende analyse van de bestudeerde ondernemingen en de ervaringen van beide landen Dit hoofdstuk geeft een overzicht van de algemene overeenkomsten en de meer specifieke verschillen tussen de vier bestudeerde cooperaties De verschillen in de ontwikkeling van de organisatie, niveaus van cooperatief bewustzijn en de graden van democratisering van de ondernemingen, laten zien dat iedere cooperatie zich in een bepaalde fase van cooperatieve ontwikkeling bevindt

In hoofdstuk negen en tien probeer ik de theorie en de empirie te integreren In het laatste hoofdstuk deel ik iedere case studie in op grond van de stadia van cooperatieve ontwikkeling beschreven in hoofdstuk twee Het *Langa Spinning Project* is ingedeeld als een precooperatie, de *Lanisma Brickmaking Cooperative* is niet levensvatbaar, terwijl zowel de *Montagu Carpentry Cooperative* als de *Fencing Services Cooperative Society* worden geclassificeerd als potentieel levensvatbare cooperatieve ondernemingen Dit hoofdstuk werkt de meest in het oog lopende kenmerken van ieder stadium binnen de Zuidelijk-afrikaanse context uit Belangrijk echter is dat het aantoont dat de stadia van cooperatieve ontwikkeling niet meer zijn dan theoretische constructies, gemaakt om ons inzicht in het proces vergroten In werkelijkheid verloopt dit proces niet zo vloeiend als de stadia doen vermoeden Bovendien past geen enkele cooperatie precies binnen één stadium De praktische gevolgen hiervan voor de conceptualisering van cooperatieve ontwikkeling als proces,

worden onderzocht voor zowel dienstverlenende organisaties als voor de cooperaties zelf

Dit hoofdstuk eindigt met een presentatie van de bevindingen van het onderzoek en de daarbij behorende conclusies Deze omvatten de volgende

(a) Ik concludeer dat cooperatieve ontwikkeling een proces is dat zich voltrekt in stadia, die gekarakteriseerd worden door verschillende graden van participatieve democratie en organisatorische ontwikkeling Verder worden de verschillende stadia van cooperatieve ontwikkeling gekarakteriseerd door verschillende niveaus en typen van cooperatief bewustzijn Breckers (1988) indeling van deze stadia in (a) pre-cooperatief, (b) niet levensvatbaar, (c) potentieel levensvatbaar en (d) volledig levensvatbaar, is bruikbaar als we cooperatieve ontwikkeling willen conceptualiseren

(b) Hoewel de politieke motivaties niet ontkend kunnen worden, laten de case studies zien dat materiele factoren van primair belang zijn voor de vorming en cohesie van de bestudeerde cooperaties Dit is in strijd met de bevindingen van Rothschild en Whitt (1986) die beweren dat ideologische en niet materiele factoren van en zodanig belang zijn voor de vorming van cooperaties Mijn conclusie is dat cooperaties, in de context van zich ontwikkelende economieen, die gekenmerkt worden door een laag niveau van onderwijs en vaardigheden en door armoede en werkloosheid, in eerste instantie gevormd worden vanuit materiele (in plaats van ideologische) overwegingen vanuit een poging om te overleven Dit heeft belangrijke gevolgen voor het type problemen waar cooperaties mee geconfronteerd worden

(c) De meest algemene interne problemen die cooperatieve ontwikkeling in de bestudeerde ondernemingen belemmeren, vertonen veel overeenkomsten met de problemen die in hoofdstuk drie en vier geidentificeerd werden Dit zijn (1) een gebrek aan management en technische vaardigheden, (2) een ernstig gebrek aan financiele middelen en (3) het ontbreken van democratische normen en procedures Ook de volgende, meer specifieke problemen, zijn belangrijke bevindingen (4) een ernstig gebrek aan basiseducatie van de leden, (5) afhankelijkheidsrelaties tussen cooperaties en dienstverlenende organisaties en (6) een overlevingsbewustzijn onder de meeste cooperatieleden

(d) Met betrekking tot punt c 4, concludeer ik dat het gebrek aan basiseducatie een hoofdprobleem is voor een effectieve participatieve democratie in de bestudeerde cooperaties In aanmerking nemend dat het onderwijsniveau van de leden directe gevolgen heeft voor (a) hun daadwerkelijke controle over gedelegeerd management, (b) hun effectieve participatie in de besluitvorming en (c) het in stand houden van deze controle en participatie, kan dit probleem een zeer verzwakkende uitwerking hebben op de ontwikkeling van cooperatieve organisaties De specifieke ervaring van het *Langa Spinning Project*, de *Launisma Brickmaking Cooperative* en de *Fencing Services Cooperative Society*

leveren hiervoor het bewijs Zo wordt door mijn gegevens Szells stelling bevestigd

> *' dat het noodzakelijke bewustzijn niet voldoende is voor participatie, controle door de arbeiders en zelf-management, daarentegen is een algemeen niveau van bekwaamheid onder de deelnemers gecombineerd met het noodzakelijke bewustzijn nodig om te komen tot effectieve samenwerking' (1989 12)*

(e) De relatie tussen cooperaties en ondersteunende dienstverlenende organisaties heeft belangrijke gevolgen voor de ontwikkeling van *self-reliant* ondernemingen met een potentieel voor democratie Binnen deze relatie hebben de ervaring van de dienstverlenende organisaties met betrekking tot cooperatieve ontwikkeling en de toepassing daarvan in de praktijk, een belangrijke invloed op de toekomstige ontwikkeling van de ondernemingen Bijvoorbeeld, de relaties tussen de *Montagu Carpentry Co-op* en de *Montagu and Ashton Community Services* organisatie, en de *Fencing Services Cooperative Society* en het Collectieve Zelf-financierings Stelsel bevorderden *self reliance* in deze ondernemingen Dit manifesteerde zich in de toekenning van financiering in de vorm van leningen in plaats van giften De relaties tussen het *Langa Spinning Project* en het *Catholic Welfare Bureau*, en tussen de *Launisma Brickmaking Co-op* en de *Unemployed Workers' Movement* resulteerden, daarentegen, in afhankelijkheid omdat de financiele hulp in de vorm van giften werd gegeven Deze ondersteunende organisaties hadden geen ervaring met de dynamiek van cooperatieve ontwikkeling Deze laatste case studies tonen aan dat deze opzet de producenten onmachtig maakt Een voorwaarde voor de ontwikkeling van duurzame, op participatie gebaseerde, democratische ondernemingen is dat de producenten voldoende macht hebben om de besluitvorming te beinvloeden en dat zij beschikken over een referentiekader voor samenwerking *Self-reliant* cooperaties die onderdeel uitmaken van een cooperatienetwerk dat tegelijkertijd bezig is met het opzetten van andere cooperatieve ondernemingen, zoals in het geval van de *Fencing Services Cooperative* en de andere deelnemers aan het Collective Zelf-financierings Stelsel, zullen waarschijnlijk eerder in staat zijn zich te ontwikkelen tot duurzame democratische ondernemingen dan geisoleerde cooperaties, zoals het *Langa Spinning Project* en de *Launisma Brickmaking Cooperative*, die vastzitten in een afhankelijkheidsrelatie met hun donoren

(f) Als cooperaties gevormd zijn vanuit een pure overlevingsstrategie, zal het langetermijn succes en de ontwikkeling van de onderneming *als cooperatie* niet het belangrijkste doel zijn van de producenten Dit is een belangrijk obstakel voor cooperatieve ontwikkeling en suggereert dat de cooperatieve vorm van organisatie niet geschikt is in een context van grote armoede en een laag niveau van vaardigheden en educatie Ook hier zijn de ervaringen van het *Langa Spinning Project* en de *Launisma Brickmaking Cooperative* illustratief Deze ondernemingen zijn

gevormd vanuit een overlevingsstrategie van haar deelnemers en worden gekenmerkt door weinig potentieel voor ontwikkeling in duurzame participatieve democratische ondernemingen.

(g) Er bestaat een relatie tussen mechanismen van democratie en de organisatorische doelmatigheid van coöperaties als economische eenheden. Deze relatie zorgt voor het ontstaan van een spanningsveld tussen democratische organisatie en doelmatigheid. Bijvoorbeeld, aan de ene kant is democratische participatie door middel van consensus niet noodzakelijkerwijs efficiënt. Aan de andere kant, het technocratische management van de *Fencing Services Cooperative* en de daarmee gepaard gaande beperkte aandacht voor de onvrede van leden, illustreren het spanningsveld tussen doelmatigheid en democratie in deze onderneming. Mijns inziens bestaat er echter een participatiedrempel waarop doelmatigheid en democratie in coöperatieve ontwikkeling in evenwicht gebracht kunnen worden. Het systeem van gedelegeerde autoriteit en van duidelijk uitvoerbare mechanismen van *accountability*, zoals toegepast in de *Montagu Carpentry Cooperative*, geeft een voorbeeld van dit evenwicht.

(h) Dit leidt mij tot de conclusie dat (a) doelmatige democratie (een factor die waarschijnlijk een positieve invloed heeft op economisch succes) enige hiërarchie vereist en (b) dat doelmatig coöperatief management steunt op gedelegeerde autoriteit die regelmatig gecontroleerd moet worden door middel van praktische mechanismen van *accountability*. In dit kader is de conceptualisering van organisatorische democratie van Abell (1988) relevant. Hij stelt dat 'er geen reden is om te veronderstellen dat democratische organisatie zal opereren op basis van consensus' (1981:263) en 'dat men democratische organisatie niet moet gelijkstellen aan het overdragen van hiërarchie' (1981:264).

(i) Tenslotte, hebben leden in verschillende posities binnen de coöperatie verschillende opvattingen over samenwerking. Bijvoorbeeld, lid-managers van de *Montagu Carpentry Cooperative* en de *Fencing Services Cooperative* waren geneigd de economische functie van deze ondernemingen te benadrukken. De producenten van deze coöperaties interesseerden zich alleen voor economische problemen als hun financiële vergoeding erdoor werd getroffen. Ze houden zich echter ook bezig met de machtsrelaties binnen hun ondernemingen. Dit wordt duidelijk tijdens de onderhandelingen over managementautoriteit in de *Montagu Carpentry Cooperative* en het uiten van de onvrede over de ongelijke verdeling van middelen en opbrengsten in de *Fencing Services Cooperative*. Dit suggereert dat het democratische aspect van coöperatieve organisatie van directer belang is voor de producenten. Dit brengt mij tot de conclusie dat coöperatief bewustzijn geen homogene objectieve eenheid is. Integendeel, het is in wezen subjectief en wordt beïnvloed door de positie van de coöperatieleden zowel binnen de onderneming als in de samenleving waar zij deel van uitmaken. Daarnaast, is het bewustzijn van de leden niet meer dan één van de vele factoren die invloed heeft op de coöperatiepraktijk.

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Zimitri Erasmus is of South African origin and currently resides in Cape Town She completed her university education at the University of Cape Town in 1991 It was at the end of that year that she graduated with a Master of Social Sciences degree in Industrial Sociology Throughout her university studies she worked part time as a tutor in Sociology and Politics and held a junior lectureship in the Sociology Department at the University of the Western Cape from July, 1990 to 1993 During 1992 she completed a research project on unregulated small enterprises in the Western Cape for the International Labour Office, Equality of Rights Branch The analysis and writing up of this research was done in the latter half of 1992 during her position as visiting fellow at the Afrika-Studiecentrum at Leiden, The Netherlands She has since completed her PhD thesis at the Third World Centre in Nijmegen, The Netherlands, and has contributed an article to the forthcoming publication entitled *Entrepreneurs Africains* (Paris, Karthala, 1994)

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